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an audience with
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Health, Section Two

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THE INDEPENDENT

3,051

TUESDAY 30 JULY 1996

WEATHER: Sunny spells in the afternoon after a dull start

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Rebels subvert two-party campaign

Leaders watch their backs as parties head for election

COLIN BROWN
Chief Political Correspondent

Any doubt that Britain is already in the midst of the longest, most hotly-contested general election campaign on record was stripped away last night by the disclosure that Labour leaders are planning to hit back at the Tory "lie machine" with a poster campaign in holiday resorts from Blackpool to Malaga.

Although the election may not come for another ten months, the two parties are attempting to cover up their own divisions with thunderous summer and autumn attacks on one another.

Though John Redwood denied in New York last night that he was planning an alternative Tory manifesto, he made it clear there would be no let-up in his campaign to press John Major onto a more right-wing agenda.

Meanwhile, the Labour leader Tony Blair, who completes his reshuffle today, may be ready to remove the whip from one of his dissidents, in an attempt to reassure his authority over the left wingers after they combined of dirty tricks in the Shadow Cabinet elections.

Ken Livingstone, the Labour left-winger, today should receive a warning from the Chief Whip, Donald Dewar, telling him to stop spreading lies about Labour colleagues after he claimed that Irene Adams had been forced by leadership "intimidation" to withdraw from the Shadow Cabinet elections - a charge she publicly denied.

Mr Livingstone ignored earlier warnings not to rock the boat by con-



demning "massive bone-crunching pressure" placed on MPs not to stand in last week's Shadow Cabinet elections. But Brian Wilson, a member of the party's campaign team, attacked those he said were indulging in the sort of anti-leadership activity seen in the early Eighties.

British holidaymakers may be dismayed to find they cannot escape the campaigning even as they head for sun and fun on the beaches in Spain, Greece and Portugal. Labour however is deadly serious in its attempt

to dispel the impact of the Tory "New Labour New Danger" poster campaign which has extended to Labour strongholds across Britain.

The Tories are spending an estimated £10m on their ten-month poster campaign, with the prospect of no let up until polling day. They are using 1,291 sites across Britain including 411 in London, 102 in Scotland, 189 in the north-west, 190 in the Midlands, 132 in Yorkshire, and 41 in East Anglia.

Labour MPs in safe seats have been alarmed to find their constituencies targeted. Labour "spin doctors" privately admit that the Tory campaign may work, by slowly softening up the electorate to regard Tony Blair as "dangerous", unless the campaign is countered. Labour is preparing to unveil its own posters, to warn holidaymakers in seaside resorts around British shores and the Mediterranean that when they get home, the Tory "lie machine" will still be operating.

"The Tories have only one negative strategy and that is to scare people into fearing Labour. We have got to ensure that we are able to present the positive message in the manifesto, *New Labour New Britain*. Paralleling that, we have got to nail the Tory lie machine," said one Labour strategist.

The strike on the London Underground, which again disrupted the capital yesterday, enabled the Tories to criticise Labour leaders, who fear the Tory propaganda could get

worse. "If things get really difficult for them, and they are still struggling in the New Year, they may try to precipitate a crisis to blame Labour."

The use of negative campaigning, borrowed from American presidential elections, will not work, Labour believe, so long as the Tory internal feud continues over the economy and Europe.



'I will continue to ... debate the unsuitability of Labour to govern.' Redwood, page 2

tribute to the debate on taxation, Europe and the unsuitability of Labour to govern. There are plans to issue a Redwood pamphlet before the Tory Party annual conference which will directly challenge Mr Major's "wait and see" approach to the European single currency - an approach also thrown into question yesterday by the cross-party Commons select committee on Treasury affairs.

Both Mr Major and Mr Blair have been warned that whoever forms the next Government, the timetable for a single currency cannot be avoided, and they will have to deal with it before the end of 1997. But Mr Major's problems over Europe are infinitely greater than Mr Blair's at the moment, partly because the rift in the Tory Party is more fundamental, but also because the combatants on the Tory side have their sights on the next leadership election. Some senior Tory MPs are already privately discussing the campaign teams for the leadership election, after the general election defeat, and whether Mr Redwood, Michael Howard, or Michael Portillo would be the best challenger from the right against Stephen Dorrell and Kenneth Clarke from the left. With the personal campaigns coming closer to the surface, Mr Major has little hope of calling for unity in his party.

Any move by the former Tory leadership challenger to publish an alternative manifesto would be "an act of extraordinary pretentiousness and disloyalty", Quentin Davies, the ardently pro-European Tory MP said on BBC radio.

Woman chief constable backs legalised brothels

JASON BENNETTO
Crime Correspondent

Pressure from the police to liberalise the laws on prostitution grew yesterday as Britain's first woman chief constable backed calls from a senior colleague for brothels to be made legal.

Another chief constable proposed a Royal Commission to review the "muddled" laws on prostitution.

The debate on policing prostitution erupted yesterday, following the disclosure in the *Independent* that Keith Hellawell, Chief Constable of West Yorkshire police force, supported the establishment of licensed brothels in order to get prostitutes off the streets, allow thorough health checks and enable taxation. He described the laws on brothels as "absurd".

Pauline Clare, head of the Lancashire force, said she would also like to see prostitution regulated in brothels. She said: "It's a fact of life that prostitutes have been around for many, many years and there's obviously a need for the services that they provide. I would like to see them being regulated in a way that they would be much safer."



Pauline Clare: Regulation to make prostitutes safer

Paul Whitehouse, the chief constable of Sussex Police force, told the *Independent* that a review was needed of the laws concerning prostitutes, which he said were "muddled" and "did not make sense".

A prostitute can sell sex from private premises if she operates on her own. But if two or more women work under the same roof, it is an illegal brothel.

However, he warned that legalising brothels could legitimise prostitution, which may force, or encourage, more women to become involved in the sex industry.

A statement by the Association of Chief Police Officers said yesterday that a detailed investigation ought to be carried out before any decision to change the law was considered.

The creation of licensed brothels would place saunas and massage parlours where sex is on sale on a legal footing. It would allow health and safety checks to be made. A similar scheme already operates in Edinburgh and a growing number of police forces turn a blind eye to off-street prostitution.

Mr Hellawell said yesterday that prostitution was a social issue which the police had not "messed around with" since he joined the force 35 years ago. He said: "At the moment what we're not doing is resolving the issue - we're just pushing the problem about."

His proposals were attacked by Joyce Ansell, spokeswoman for the Josephine Butler Society, which campaigns against prostitution. She said: "People think regulated brothels are perfectly clean and hygienic, but

it's pie in the sky. It doesn't work like that. People in brothels can't choose who they want in the way of customers."

"Even if the women are all clean and healthy, and have regular inspections, what about the men visiting them?"

Two prostitutes from West Yorkshire's most infamous red light district also spoke out against legalising brothels.

Karen, 30, said: "We could be working in saunas now, but we're not because we make more money this way."

"The only reason they're suggesting this is because they want to tax us."

Another prostitute, Linda, 24, added: "The police don't really bother the saunas now, so in a way, legalised brothels already exist."

Prostitution is not illegal in Britain, but soliciting and running a brothel are. Kerb crawling is an offence but not one for which people can be arrested. Those caught can be fined up to £1,000 or cautioned. Some police forces write to suspects at home or via their employers if they are using a company car in an attempt to shame them over their offence.

Edinburgh's experiment, page 2
Leading article, page 11

QUICKLY

Shearer costs £15m

Alan Shearer yesterday left Blackburn to join Newcastle in a world record £15m transfer. The move to the town of his birth follows weeks of speculation that he was bound for Manchester United.

The huge transfer fee reflects the spiralling value of star players in a sport where the financial stakes are becoming increasingly great as a result of improved television and sponsorship deals. Pages 3, 24

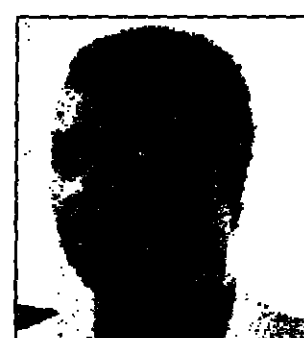
Drug gives hope

The first ever drug to treat motor neurone disease (MND), the fatal degenerative disorder, has been reported of more than 100 killed in central Burundi after the Tutsi-led army moved to quell unrest following attacks by Hutu rebels.

In Burumbura Tutsis have been celebrating the new order following President Pierre Buyoya's return to power. Page 10

Nunn theatre attack

Trevor Nunn, soon to be artistic director of the National Theatre, yesterday attacked the condition of British theatre and questioned whether it deserved a larger subsidy. Page 5



Pierre Buyoya: Burundi return

Burundi slaughter

Hutus and Tutsis continue to kill each other outside Burumbura, Burundi's capital. There have been reports of more than 100 killed in central Burundi after the Tutsi-led army moved to quell unrest following attacks by Hutu rebels.

In Burumbura Tutsis have been celebrating the new order following President Pierre Buyoya's return to power. Page 10

Indonesia fears wave of killing

RICHARD LLOYD PARRY
Jakarta

Dozens of people are missing, following protests in Indonesia in recent days. Human rights groups said yesterday that they fear that many of them may never be seen alive again.

The *Independent* has seen evidence gathered by human rights activists in Jakarta, where families have reported their worries about at least 78 missing relatives. The opposition protests are against the regime of President Suharto, who has ruled Indonesia for almost 30 years.

The opposition demonstrations, in support of Megawati Sukarnoputri, are the biggest that Indonesia has seen for three decades. At least two people have died, and dozens have been injured. So far at least, the government has shown no inclination to allow Ms Megawati - daughter of the former leader, President Sukarno - to participate fully in the political process.

Indonesia has in recent years become one of Asia's newest economic tigers. Indonesia is the biggest and economically most powerful country in south-east Asia. But while on the economic front, all the indicators have

been positive, the state has shown little enthusiasm for increasing participatory democracy.

At the weekend, police raided the offices of Ms Megawati's party, where pro-democracy demonstrators had been conducting a sit-in.

After the raids, as many as 10,000 people took to the streets. Supporters of the opposition often express concerns about corruption, as well as about the lack of democracy.

Armoured cars and troops have been on the streets of the Indonesian capital, Jakarta. In the short term, the authorities appear to have brought the unrest under control.

However, this may yet come to be seen as a turning point, in the post-independence history of Indonesia. Despite the powers at its disposal, it seems unlikely that the regime will survive the events of recent days unscathed.

Further reports, page 8



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EDWIN MOSES:

122 STARTS,
122 VICTORIES.



OLYMPIC LEGENDS BY SWATCH.

swatch

news

Peace process falters over arms

MICHAEL STREETER
Belfast

The Northern Ireland peace talks stumbled into a new and potentially fatal deadlock yesterday over the decommissioning of terrorist weapons after finally reaching agreement on rules and procedures.

More than seven weeks of slow and often bitter wrangling ended early yesterday when delegates at Stormont voted to accept a set of procedures, despite continuing objections from the Democratic Unionists (DUP).

But efforts to reach agreement on a preliminary agenda for substantive talks are foundering on the crucial issue of decommissioning. Even if a last-minute compromise can be found to keep the talks alive over the summer, the prospect of future progress seems bleak.

The main Unionist parties, the Ulster Unionists, the DUP

and the UK Unionists are pushing for a "working party" to discuss decommissioning over the summer after the talks break up for a recess later this week.

They argue that the issue must be dealt with before substantive negotiations take place, as a way of guaranteeing the Unionist population that the peace process can continue without the threat of Republican violence hanging over it.

David Ervine of the Progressive Unionist Party (PUP), which has links with the Ulster Volunteer Force loyalist paramilitaries, warned that violence would resume if the issue of decommissioning was tackled in isolation.

"I fear the atmosphere is so polluted in Northern Ireland, and there is such a fear of a resumption of serious violence, that any hope or opportunity of even engaging in discussion about decommissioning at this time, by those who are purported



George Mitchell, talks chairman, (left) is 'pleased the rules have been adopted'. But David Ervine of the PUP (right) says violence is still a threat



to be the representatives of those with guns would be deeply debilitating," Mr Ervine told BBC Radio 4's *World at One*.

However, the nationalist SDLP are adamant that decommissioning be discussed alongside, and not before, full talks. This stance has found unusual backers in two small

Loyalist parties, the Ulster Democratic Party (UDP) and the PUP. They are angry that decommissioning would effectively hamper loyalists and leave them open to violence from the IRA who are not party to the

talks and who have ended their cease-fire.

Mr Gary McMichael of the UDP said: "It is a disgrace that Unionist parties are arguing that the loyalists be left defenceless under the shadow of the current and very serious IRA threat to the loyalist community."

Last night at Stormont there were clear moves to wrap up the summer's talks in some kind of fudge that would leave the all-party negotiations in a "state of suspended animation" as one delegate put it. One way would be to leave open the question

of whether and when decommissioning will be discussed until resumption in September.

That move was given impetus by the departure of the talks chairman, the former United States senator George Mitchell, who left Belfast yesterday to attend the funeral of his brother Robert who died in Maine at the weekend. Few believe that real progress can be made under the temporary

chairmanship of the former Finnish premier, Harri Holkeri.

As he left, Mr Mitchell described as "unfounded" reports that he was quitting and said he looked forward to returning in September: "I am pleased that the rules and procedures have been adopted," he said. "I'm pleased that the participants will now be able to move beyond this discussion and onto the agenda and then onto substantive and meaningful negotiations."

The question of decommissioning is rapidly emerging as the fault line on which these talks could founder. Unionists fear that the SDLP, backed by the Irish government, are looking to revive a pan-nationalist movement and may use decommissioning as a pretext to end the talks and instead seek an imposed settlement worked out by the British and Irish governments.

The SDLP on the other hand believe Unionists are trying to make the talks concentrate solely on decommissioning which they will use as a stick to beat the nationalist stance.

Sinn Féin is not represented at the talks because of the end of the IRA cease-fire.

The extent of the pressure on the uneasy loyalist cease-fire was highlighted by an apparent statement by the mid-Ulster brigade of the UVF who claimed that the PUP and UDP were in effect supporting the pan-nationalist front at the negotiations.

Peace hopes rise as two sides agree to meet for talks after network is paralysed by latest stoppage

Deadlock broken in Tube dispute

BARRIE CLEMENT
Labour Editor

The first sign of a breakthrough in the London Underground dispute emerged last night after the capital endured another 24-hour tube strike.

After a day in which the network came to a virtual standstill, causing transport chaos throughout London, management and the two rail unions agreed to meet at the conciliation service Acas for "exploratory" talks.

Negotiators now have nine days in which to reach a settlement before the next 24-hour walkout on 7 August. A further five stoppages are planned over the succeeding weeks in a dispute over a one-hour reduction in the working week.

Until last night, London Underground had insisted that the argument should be resolved by an arbitrator, while the unions sought conciliation, a process whereby where officials at Acas liaise between the two parties and attempt to bring them into face-to-face contact.

Today's meeting, convened on the invitation of Acas, was planned to be a less formal process. The aim will be to discover if there is any possibility of agreement over a suggestion by management that there should be a two-year deal in order to avoid what seems to have become the annual round of industrial action on London Un-



Go-slow: Gridlock in Trafalgar Square yesterday as the tube strike forced thousands more motorists on to the roads

Photograph: Andrew Buerman

derground. Lew Adams, general secretary of Aslef, the train drivers' union which began a series of day-long strikes and was later joined by the RMT transport union, said: "We welcome the opportunity of going to Acas to try and resolve this unfortunate dispute."

Just nine trains ran yesterday instead of the usual 441, with a million travellers switching to buses and others driving into the capital causing huge traffic jams.

Both unions said they had "clear ideas" over how a peace formula might be reached. So far, the unions have argued that a deal struck last year should have resulted in a one-hour cut in the working week. The unions contend that pro-

ductivity improvements already achieved should trigger the reduction, but London Underground has insisted on fresh improvements in efficiency.

Jimmy Knapp, leader of RMT, said support for the action among employees was stronger yesterday than previously and should send a "powerful message" to management that they should reduce the working week.

The party political battle over the conflict continued with Brian Mawhinney, Conservative Party chairman, urging Andrew Smith, Labour's new transport spokesman, to denounce the "hugely disruptive" action. Dr Mawhinney said: "Last year the two unions involved in the

strike, Aslef and the RMT, gave more than £200,000 to the Labour Party. That, in this case, seems to be the price of silence."

Meanwhile, the postal executive of the Communication Workers' Union was last night examining the details of a peace formula to resolve a dispute which has resulted in three day-long national stoppages.

Single currency warning

COLIN BROWN
Chief Political Correspondent

A hole was blown in John Major's policy of "wait and see" over the single European currency yesterday by the cross-party Commons select committee on the Treasury.

It is certain to intensify pressure on the Government from Tory Eurosceptics for the next Tory election manifesto to rule out Britain's entry into a single currency within the lifetime of the next Parliament.

The Tory Eurosceptics believe Mr Major will be forced into a compromise, ruling out Britain's participation in the first wave of the European Monetary

System, which the committee is convinced will begin on time.

The committee, chaired by senior Tory backbencher Sir Tom Arnold, reinforced the warnings by Eurosceptic David Heathcoat-Amory, who resigned as a Treasury minister to campaign against a single currency. This bears out Mr Heathcoat-Amory's view - shared by his senior former colleagues at the Treasury - that the timetable for the single currency cannot be ducked.

The committee said if it was the Government's intention to take part, "there could be costs from not doing so at the outset". These would include losing the ability to shape interest-rate

policy, arrangements for fiscal stability and other institutional matters in the European Union.

The possibility of having to spend two years in the exchange rate mechanism, one of the criteria for joining, could be a further difficulty.

"Thus a policy of wait and see" would have serious drawbacks, said the committee. While not expressing a view either way on whether or not Britain should or should not join the EMU, the committee's report increases the pressure on the Government to make clear its intentions on the subject.

The report will come as a blow to the Prime Minister's hopes of uniting the party be-

hind the Government white paper and the promise of a referendum if the Cabinet proposes Britain's entry to the single currency.

However, the report was welcomed last night by Clive Betts, a Labour member of the committee, who is also pro-single currency. "We felt if we simply sat back, we would not have the ability to shape the financial stability pact, and, if we delayed, but then joined, we would have to go into the second version of EMS."

The Prognosis for Stage Three of Economic and Monetary Union Vols 1 and 2 (HMSO), price £26.70.

Redwood's message to America

DAVID USBORNE
New York

John Redwood yesterday raised the Euro-sceptic banner in New York, but said he wanted to "sing from the same hymn sheet" as John Major.

Mr Redwood disclosed that when news first surfaced that the Paymaster General, David Heathcoat-Amory, was to resign, he telephoned Downing Street to offer help in addressing the media.

"I am trying to sing from the same song-sheet," he said. "I rang them to ask if there was a political issue that they would like to get across. But they said there wasn't and that was that."

He denied he was preparing to produce an alternative Redwood manifesto - fuelling speculation that he was "leaked out" by Tory Central Office - but the former leadership challenger confirmed he would be

pressing for Mr Major to adopt a more right-wing agenda for the general election on taxation, local government, and Europe.

In a pamphlet to be published before the annual Tory Party conference, Mr Redwood is expected to call on the Chancellor to limit income tax cuts to 1p, and to abolish VAT on fuel, to restore the Tories' tax-cutting image before the election.

His principal preoccupation yesterday, however, seemed to be his desire to portray to Republicans his own negative views on further European integration.

"I don't want to use America against Europe, I am committed to Europe. What we're arguing about is what kind of Europe we want to live in. While it is America's interest for the European countries to trade together as one, it would not be in America's interests for it to

become a superstate governed by Brussels... which would not share the same common Anglo-Saxon interests."

At the start of a nine-day US tour, taking in a television interview by Henry Kissinger and Steve Forbes, the Republican primary candidate, Mr Redwood was forced to react to reports that he was developing a rival manifesto that risked splitting the Tory party before the general election, expected to take place next spring.

"We've always said that I'm generating ideas for the manifesto, but that is different from coming up with a rival product," he said.

Mr Redwood, who left the Government after unsuccessfully challenging Mr Major for the Conservative Party leadership last year, added: "I don't wish to issue an alternative manifesto, because people

would then have a choice between them and that would indeed split the party."

The former minister expressed his hope that his ideas, notably on cutting public spending to allow a further drop in taxation, would find a place in the election platform. He insisted that even if he were not satisfied with the Party document he would still resist producing an alternative one.

Mr Redwood added that he would also be making suggestions on giving additional powers to local government. "I want to see us on the move again as a local Conservative Party as well as a national Conservative Party," he said.

He will visit New York, Washington DC and Dallas, Texas. A leading Republican he is hoping to meet is Newt Gingrich, the populist Speaker of the House of Representatives, with whom he has been compared.

SIGNIFICANT SHORTS

Shopworker who killed a man as he ran through a supermarket lashing out with two knives was jailed for life yesterday. Shahid Iqbal, 23, admitted the killing and also wounding nine others, including a shop assistant, customers and passers-by in the attack at the Netto store, in Bordesley Green, Birmingham, last December.

Warwick Crown Court was told that Iqbal, of Small Heath, West Midlands, had a schizoid personality and a serious mental disorder at the time of the killing. One medical report described the attack as an "unprovoked, frenzied outburst of homicidal fury". The judge, Mr Justice Latham, told Iqbal: "You are a damaged, mentally unstable young man who has the potential to react with explosive frenzied violence without any obvious provocation. That means that you are a serious danger to the public."

Mass DNA screening of thousands of men is being planned by detectives searching for the killer of Nicola Parsons, 18. The naked body of Ms Parsons, a care assistant, was found in a derelict building in Plymouth, Devon, on 9 July. She had been raped and strangled. She was last reported alive getting into a taxi in the city's clubland at 2am that day.

The head of Devon and Cornwall CID, Detective Chief Superintendent John Essery, said yesterday that they had a DNA profile which they were satisfied was the offender's. The results of 500 DNA samples already taken from males during the investigation were beginning to come in. If there was no match with the offender's sample, screening could be extended to all men over a certain age in Plymouth.

The Liberal Democrats angrily protested last night over the decision of the Director of Public Prosecutions, Barbara Mills, not to prosecute the *Daily Mirror* newspaper for issuing free copies supporting Labour at the Littleborough and Saddleworth by-election.

"The DPP has 14 days to change her mind; if she does not there are potentially disastrous consequences for democracy at the general election," Graham Elson, general secretary of the Liberal Democrats, said. He accused the *Daily Mirror*, part owner of the *Independent*, of being in clear breach of the Representation of the People Act. He called the decision not to prosecute "astounding". Colin Brown

A couple accused of attempted murder and kidnap yesterday appeared before magistrates in Basingstoke, Hampshire. Julie Ann Bylong, 26, of Preston, Lancashire, and Douglas Bylong, 56, of Bacup, Lancashire, were charged with the attempted murder in Salisbury of taxi driver Mark Slater and unlawfully taking or carrying him away against his will. They were also charged with unlawfully carrying away Michael Hill, six, at Shipton Bellinger, Hampshire. Both were remanded in custody until next Friday when they will appear before Andover magistrates.

The deaths of hundreds of kittiwakes at a nature reserve were being investigated yesterday by government scientists. Since the end of last week, the seabirds have been found dead and dying at Marsden Bay, South Tyneside, where about 4,000 pairs nest on cliffs under the care of the National Trust. Post-mortem examinations at the local Ministry of Agriculture Veterinary Investigation Centre have not established a cause, but further tests are being carried out.

The birds are of normal weight and have a generally healthy appearance, apart from signs of internal bleeding. Derek Chandlee, a vet at the centre, said the cause could be a bacterial or viral infection or some kind of environmental poisoning, but it was too early to draw conclusions.

There will be no paid holiday this summer for more than one in ten British workers, Labour claimed yesterday. The party's employment spokesman, Ian McCartney, said that figures based on the Government's Labour Force Survey, show 11.1 per cent of the United Kingdom's total workforce has no paid holiday entitlement.

Northern Ireland is the hardest hit with 26.3 per cent affected; the south-west of England is next with 13.4 per cent and East Anglia third with 13.1 per cent. Part-timers fare worst, with 1,791,000 affected as against 707,000 full-timers. Mr McCartney claimed that stress induced by a lack of time off could damage performance at work and said the figures were a "devastating indictment of life in Tory sweatshop Britain".

Wales's oldest man has died, aged 108. Griffith Williams, of Llanhaen, Gwynedd, was a former Royal Welch Fusilier who once arrested Eamon De Valera, the Irish republican leader. Mr Williams arrested De Valera, later president of the Irish Republic, while serving with the regiment in Ireland in the First World War and spent a night guarding him in a cell. Mr Williams, who died at the Bryn Beryl Hospital, Pwllheli, will be buried at a private funeral service today.

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JOJO MOYES and CHARLIE BAIN

Anthea Turner did it for £1.5m. Alan Shearer did it for 10 times more. Cilla Black probably wouldn't do it for anything. In the world of the transfer, nearly everyone has their price. And for a small band of people it's getting higher all the time.

Yesterday Alan Shearer became the most expensive footballer when he was transferred from Blackburn Rovers to Newcastle United. His £15m fee is more than four times the £3.6 he cost Blackburn four years ago. Blackburn said they were "heartbroken" to lose him. But football clubs are not immune to the pull exerted by cold cash, and for a specialised commodity like Shearer the pull is likely to be very strong.

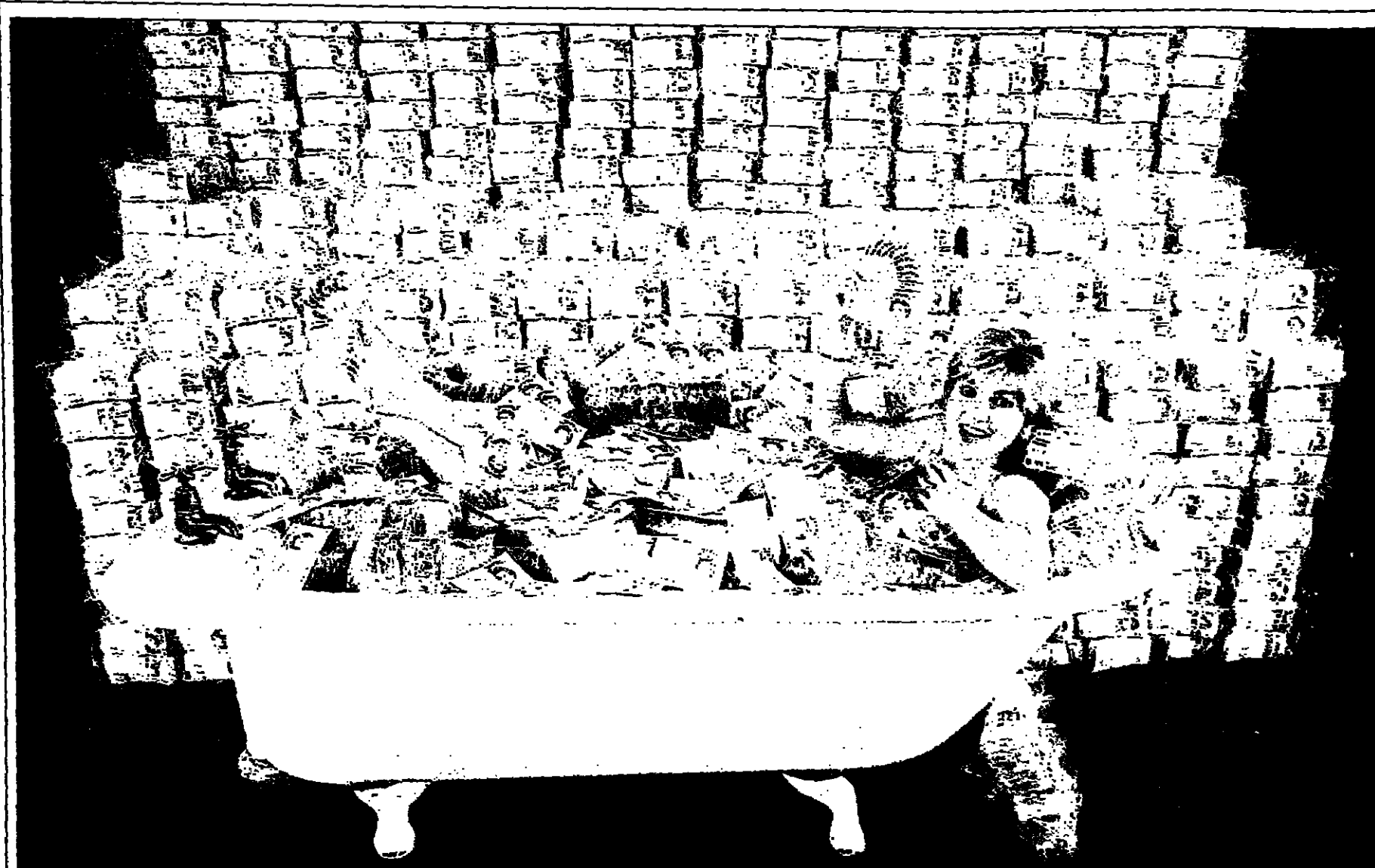
He joins a recent list of "super-salariat" who, in a world of service industries more commonly characterised by short-term contracts and low pay, zig-zag backwards and forwards between employers for spiralling salaries and transfer fees.

Singer-songwriter George Michael was recently bought out of his contract with the Sony record company for \$40m (£25m). His new label, Virgin and Dreamworks SKG, have offered him a deal with advances of at least \$12m. Formula One racer Damon Hill has reportedly been offered £20m by Williams in a bid to keep him.

And the television presenter Anthea Turner last week announced she was leaving GMTV to concentrate on a £1.5m contract with Carlton. In the City, it has long been accepted that if you want the best, you are going to have to pay for it, usually with six-figure salaries and guaranteed

The Alan Shearer Syndrome

Rise and rise of the super-salariat



Awash with dosh: Presenter Anthea Turner, who announced she was leaving GMTV to concentrate on a £1.5m contract with Carlton

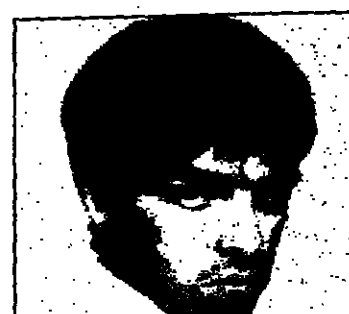
Photograph: Arnold Slater



Damon Hill: Offered £20m lure to stay in the Williams stable



Anne Robinson: Weighty views and a six-figure pay packet



Noel Gallagher: On song with an £11m contract with Sony

bonuses of up to three times that. David Varney, for example, received a "golden hello" of £100,000 when he joined British Gas as an executive. "It's about money. It's as simple as that, although there is obviously the attraction of working for a big institution," said Jonathan Williams, MD of Michael Page (City), one of many head-hunting firms experiencing a renewed boom. "If it's a top guy working for a top US bank they would not go to a smaller European bank unless there was a big financial incentive."

But outside the City, there are other factors that come into play. In television, the decision to switch to a rival channel will depend on the vehicle being offered as much as salary. "I doubt if you there is any amount you could pay to get someone like Cilla Black to move from LWT," said an executive. "Why should she? She's got a great contract and two of the most successful shows on the channel."

And, according to one music-industry lawyer, it takes more than a cheque-book to lure a

hand to a rival label. "A footballer has a very short time to recoup the money spent, so it's 'let's sell, sell to the highest bidder,'" he said. "Music is different: there's a lot of time between the label committing and reaping the benefits. It's an industry driven by personalities and it depends on the relationship they've built up."

He described the biggest draws as "international structure, beneficial royalty rates, and money". But the greatest excitement would be the degree of creative control, he said,

adding that Michael's \$40m move from Sony was the classic example of this. "George's contract was very much like a football deal - market share is the great god and if you can buy an artist like that your profile is enormous."

The super-salariat, such as Shearer and Michael, are inverting the shape of the service industries, where new company "stars" earn larger amounts than the skilled and long-serving chairman. More may depend, for example, on readers' views of a six-figure columnist,

such as Julie Burchill or Anne Robinson than who edits or manages their newspaper. But as the sums increase, so, inevitably, do charges that they cannot bear any resemblance to the returns. Head-hunters, for example, may take 33 per cent of the first year's salary paid to an executive they have placed.

And failure to reap those returns may lead to a swift fall. Gordon Taylor, chief executive of the Professional Footballers Association, yesterday said Newcastle were taking an "extraordinary gamble" in paying

so much for Shearer.

"There's a massive risk he will get injured or suffer from loss of form and within a week the biggest signing in the Premier League could be severely depleted in value."

Shearer may consider the fate of his Blackburn colleague Chris Sutton, 23, who broke transfer records when he was signed in 1994. But he failed to live up to expectations and rumours were circulating earlier this year that he was about to be sold - for a £2m discount. And spending large sums to

try to lure your star does not always work. The Polygram record company was so desperate to sign Noel Gallagher of Oasis that it reportedly offered him £10m for rights to his songs, £9m more than he was getting from Sony. Dangling a £2m advance, they flew him and his girlfriend to Cannes, where the couple soaked up hospitality to the tune of £15,000. At the end of it, Gallagher signed a new £11m contract - with his old company, Sony.

People who need people - Hamish McRae, page 19

Brothels and legalisation: Where girls are kept off the streets

Turning a blind eye to a flourishing trade in saunas

CAMPBELL THOMAS

The city of Edinburgh's "see nothing, do nothing" approach to prostitution in saunas and massage parlours could become the model for other towns.

As two more senior chief constables urged a review of the laws on prostitution in the wake of the call by Keith Hellawell, the Chief Constable of West Yorkshire, for licensed brothels, forces will come under pressure to take a more relaxed attitude to saunas selling sex.

Whatever the moral majority thinks, supporters of the Edinburgh policy - which includes councillors and women's groups - can point to its success in keeping prostitutes off the streets and away from the associated crime and drugs.

A senior council official in Edinburgh said yesterday: "We do not legalise prostitution, but we do grant public entertainment licences in terms of the Civil Government (Scotland) Act. That Act authorises for places of entertainment. It is left for each local authority to interpret the definition of entertainment."

Licence applications for saunas are considered by the council's committee along with applications for amusement arcades, children's bouncy castles and bungee jumps.

The official went on: "The number of saunas in Edinburgh remains static, at around 20, and there are regular checks on environmental health and safety grounds. Most are granted licence renewals without difficulty, and officially the council is in ignorance of what goes on inside."

"The anxieties that the police have raised from time to time have been in relation to the applicant, rather than the application. If you have an establishment you are taking women off the streets. Given the choice of plying their trade on the streets, or in a regulated establishment, the establishment is always safer. But prostitution is not legal so we can't condone it in any way."

The only public opposition to



Clean streets: Edinburgh's policy on prostitution has removed the problem of kerb-crawling

the policy comes when residents object to saunas being set up in established residential areas.

The council's licensing convener, Douglas Kerr admitted that the process of licensing has not always been smooth. "We had real problems when we were taken to court after we granted a public entertainment licence to a sauna in Leith" he explained. "We were successfully challenged that we had

widespread interest among other forces, including West Yorkshire, West Midlands and Avon and Somerset."

Margaret McGregor, deputy convener of the City of Edinburgh Council and chairman of the city's women's committee, said it was safer for women to work from properly licensed saunas. "It's easier to give advice to them on things like health checks, contraception and other

If we receive any specific complaint regarding any premises which are licensed under the Civic Government (Scotland) Act by the local authority, then we will investigate that matter, but there has to be a specific complaint connected to the licensing aspect of the premises."

June Taylor, a former Edinburgh prostitute who also worked the streets of London in the early Seventies and is co-ordinator of Shiva, Scottish HIV Action, a support group for prostitutes said yesterday: "I welcome the chief constable's statement. A leading policeman in Britain has at long last said that the current legislation in Britain is not working."

"I think he is right to point that aspects of the model currently being used in Edinburgh could be adopted and changed to suit other cities in Britain."

"However, what society currently needs is politicians to address this issue and to give guidance to local authorities in England and Wales so that they could create a regulated set-up with prostitutes..."

"Decriminalising the prostitutes and focusing valuable police resources on those who would exploit and pimp our young people is the only way forward. We should be tackling the people who would procure our women."

'If you have an establishment you are taking women off the streets'

granted a public entertainment licence knowing the premises were to be used for prostitution. Since then we have had to be much more careful about what we regulate. But large numbers of women on the streets would be to nobody's advantage."

Police only take action in response to complaints. In a typical case earlier this month, a proprietor was fined £500 for running a sauna and massage establishment, Scorpio Leisure, where six women aged from 20 to 49 were providing sexual services. Police obtained a search warrant after complaints about cars being parked outside the premises and men hanging about in the area.

The policy has attracted

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news

Split pensions are not possible before 2000

NICHOLAS TIMMINS
Public Policy Editor

People who divorce will have to wait until the next century for legislation to allow pension-splitting to take effect, the Government said yesterday as it published a green paper outlining the issues to be tackled.

Allowing pension rights to be split "is the correct thing to do", Lord MacKay, the Minister of State for Social Security said yesterday. "I am sure it will happen," he said.

But the green paper warns

that the proposal – forced on the Government during the passage of the Family Law Bill – is "far more complex than at first appears" and that it raises many "thorny" problems. While these are "not insurmountable", Lord MacKay said, they will require widespread and involved consultation and extensive legislation.

The degree to which the green paper underlined the difficulties led yesterday to Opposition fears that the Government will backslide on its commitment to the principle, despite Lord MacKay's promise to

"move to legislation as soon as possible" after a white paper in the spring.

Even with that timetable, the change will not take place before at least 2000, given the Government's belief that rights in the State Earnings Related Pension Scheme (SERPS) should be included in pension splitting.

Modernisation of the national insurance computer, which runs SERPS, will not be completed for two to three years, Lord MacKay said, and

imposing a further big change on top of that cannot be risked. Changes to the department's administrative systems to allow pension-splitting "cannot be commenced before April 2000", according to the green paper.

Some have argued that SERPS could be excluded, Lord MacKay said, but "that would be wrong. For many people, SERPS is a very big part of their pension 'pot'. To exclude them would be tantamount to telling many former spouses that they could not have their own pension rights."

"Until we can implement pension-splitting properly, it would be wrong to go at it in a half-baked way and introduce it for the non-SERPS component," Lord MacKay said. "If you're going to do it, it's best to do it properly."

The green paper warns that pension-splitting is likely to add around £500 to the average cost of a divorce because of the need to value pension rights. It could also impose costs of around £10m a year on private pension providers. And it would reduce the Treasury's tax take

by between £40m and £80m a year – tax that will have to be raised in other ways.

There would, however, be smaller reductions in benefit payments, as fewer ex-spouses would have to fall back on to income support and housing benefit.

The green paper argues that those in funded private and occupational schemes, where a pot of money to pay pensions is built up, are likely to be treated differently from those in unfunded, pay-as-you-go schemes. The latter includes SERPS and

many public service schemes, including the civil service pension.

Ex-spouses in funded schemes could be allowed to take a cash sum to invest in their own personal pension – or be allowed to remain in the scheme in a new category of membership with limited rights. Precisely what those rights should be is the subject of consultation.

Those in unfunded schemes, however, would be given no choice, having to stay in but with their rights identified separately. Allowing people to trans-

fer out would involve large costs to the taxpayer, Lord MacKay said – around £200m in the first year, a figure that could still be running at £70m a year in 20 years' time.

The paper also makes clear the Government's view that pension-splitting should not cover those who have judicially separated: divorce settlements already reached; or pension rights built up overseas.

Treatment of Pension Rights on Divorce, Cmnd 3345, HMSO #14.80

Parents fight for son's education

The parents of a brain-damaged boy are to take their case to the High Court in a test case designed to stop schools from refusing to accept disabled pupils.

Peter and Wendy Crane say their 13-year-old son, Nick, should attend a mainstream school with a full-time helper. He spent almost six years at his local primary school and his parents say he made many friends despite his problems.

But teachers at the comprehensive school which his sister attends, Tarleton High School near Preston in Lancashire, decided they did not want him. The county council agreed he should go to a special school instead.

The family appealed to the special-needs tribunal set up by the government two years ago to deal with such cases, but they were told earlier this month that they had lost. Now, a national charity is hoping to raise £20,000 to challenge the decision in court. A solicitor and a barrister are expected to donate their services.

John Wright, administrator of the Independent Panel of Special Education Advisers, which helps parents with special-needs children, hopes to win financial support for the case from educational trusts. He said: "Everyone is being swept up ... in a general mood of teacher militancy where they say, 'We decide who comes to our school.' It's piracy."

The Cranes say that the Government's code of practice supports their case. Local authorities must decide whether pupils can go to the school of their choice, the code says, and can only reject them if the provision they need is not available, if they would disrupt the education of

Fran Abrams reports on a case which aims to stop school 'piracy'

other pupils, or if educating them there would be a waste of resources. Lancashire County Council maintains that Tarleton High School could not meet Nick's needs.

Mrs Crane said the special-needs tribunal had refused to allow them to bring Nick to a hearing and appeared to have ignored most of the evidence in his favour. "We had the strongest case," she said. "I wish they would have told us in the beginning that ... they weren't going to listen to us."

Nick's supporters include John Kenworthy, a clinical psychologist, who describes the case as a "human rights issue", and Joe Whittaker, who trains special-needs teachers. They are setting up a trust fund for Nick and for Timothy Barnes, who has been refused a mainstream place because he has Down's Syndrome. It is hoped the fund will pay for the children to go to a mainstream independent school.

Jessica Seraga, secretary to the special-needs tribunal, said the lay members of its panels were all experts on the subject. "They do listen very carefully to all the evidence," she said.

The council said in a statement: "The decision [to offer a place in a school for pupils with severe learning difficulties] was taken ... following consideration of representations made by Nick's parents, the advice of professionals involved in the assessment, and discussions with Tarleton High School."



Solid support: Nick Crane, 13, who is brain-damaged, and his parents Peter and Wendy who plan to take their son's case to the High Court. Photograph: Phil Noble

Sean Crawford's prized possessions: his grandfather's boxing trophies



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Home-grown ales show major brewers that small is beautiful

GLENDIA COOPER

Small breweries are no longer small beer for the dedicated drinker, it seems. As Bass confirmed it was in talks about a stake in Carlsberg today yesterday – which, if successful, would tie up 40 per cent of the beer market – the connoisseur who dreads being condemned to drink nothing but warm lager can sup easy again.

While regional, family and microbreweries (small breweries which may only be tied to one pub) currently account for 15 per cent of the brewing industry, the number of smaller establishments has risen dramatically during the last 20 years.

In 1976 there were only 90 small breweries. Now their number is approaching 400, according to the Campaign For Real Ale (Camra). And the range of beers is growing wider, too, with new ales breaking into the national market through supermarket chains.

"You can get all these weird and wonderful beers from small breweries that you can't get from the big boys," said Ian Lowe, research manager for Camra. "There are literally hundreds of them coming to the Great British Beer Festival next week."

Winning a prize at the festival can have a dramatic effect on a brewery. Last year's overall winner was Norman's Conquest, a strong beer made by airline pilot turned brewer, Chris Norman, who set up the Cottage Brewing Company with his wife.

The win altered things significantly for the company,

Six local brews to drive you to drink

Norman's Conquest
Brewed by Cottage Brewing Company, Somerset. 7 per cent ABV. A dark beer with a very robust flavour.

Riggwelter
Brewed by Black Sheep, Yorkshire. 5.9 per cent ABV. A fruity beer without being too sweet.

Fraoch Heather Ale
Brewed by the Heather Ale Company, Alloa, Clackmannanshire. 4.1 per cent ABV. Made with flowering heather June to December and the old heather December to March.



Sneek Lifter
Brewed by Jennings, in Cockermouth, Cumbria. 5.1 per cent ABV. A dark, strong, warming beer.

Summer Lightning
Brewed by Hop Back, Salisbury. 5 per cent ABV. One of the first light summer ales, which was copied by many other brewers.

Spitfire Ale
Brewed by Shepherd Neame, Faversham, Kent. 4.7 per cent ABV. A fruity, hoppy ale with a yeast sediment.

which now sells Norman's Conquest nationwide in Tesco, Asda and Sainsbury's. "There's been a tremendous explosion in interest," said Mr Norman. "We decided after it won that we just had to go for it. We're producing about 120,000 bottles every month on top of the cask conditioned."

He said there would always be a market for small breweries: "We offer a product the major breweries aren't particularly interested in producing. They are about producing beers for the masses, whereas we can offer a traditional product with high quality."

If the 7 per cent volume is not adventurous enough for a jaded palate, some of the more experimental beers produced around the country can have unexpected ingredients, such as coriander, honey, strawberries or, as in the case of Fraoch,

heather. The Heather Ale Company uses flowering heather from June to December which gives it a unique flavour and taste.

These forays have often been taken up by the major brewers once they have proved successful. Recent offerings from Whitbread include Scarlet Lady (flavoured with juniper berries), Fuggles Chocolate Mild and Colonel Pepper's Lemon Ale.

But where the smaller players score over the major brewers is their predilection for completely bizarre names. Serious ale drinkers face the dilemma of ordering a Sneek Lifter, or a Riggwelter, which is not easy after a couple of pints of the stuff. Riggwelter is the Yorkshire name for a sheep that has fallen on its back and cannot get up, which seems highly appropriate as the strength of the brew is 5.9 per cent alcohol

by volume (abv), compared with Boddingtons, which is 3.8 per cent abv.

Patrick Greene, sales manager for the Black Sheep Brewery, which makes Riggwelter, sees small brewers going from strength to strength. He is dismissive of the major brewers: "They are serving the lowest common denominator. We, on the other hand, produce extremely good beer by traditional brewing and it's no more expensive to buy."

Even with the renewed optimism in the real ale industry, the heavy image of the traditional beer-drinker is hard to shake. Chris Norman, who has named the rest of his beers after famous railway lines, is philosophical: "I think railway fanatics and traditional beer-drinkers have a lot in common. Let's face it, they both still wear anoraks."

Takeover battle, page 15

Police and public differ on crime priorities

The police and public do not always agree on what makes a good police service, according to a survey yesterday.

Vandalism, drink driving, and foot patrols are considered more important issues by the public than by police, according to a report in the Consumers' Association magazine, *Which?*

Vehicle crime and domestic violence were also given greater priority by the members of the public than officers, the survey

of 400 police and 1,000 civilians found.

However, both groups agreed that burglary was the top priority in a list of 15 offences tackled by the police, with hard drugs, street robberies and muggings also given top attention.

On crime prevention, while the public believes more police on the beat would help reduce crime, police rate special squads, closed-circuit televi-

sion and working with local agencies as more effective, the survey claimed.

Charlotte Gann, managing editor of *Which?*, said: "Our surveys have revealed that the police sometimes have different priorities from those of the public. The Home Office and the police should consider these when setting priorities for the future."

A spokeswoman for the Police Federation said: "When it

comes to police priorities we've got to be careful that they are relevant to the public."

She said the federation's own research showed 90 per cent of police officers rated foot patrols highly and said the *Which?* report findings could reflect the low status attached to patrols by force managers.

"We remain convinced that the public is right to call for more foot patrols," the federation spokeswoman said.

هكذا من الاعمال

West End theatre a disaster, says Nunn

Marianne Macdonald on an angry outburst by the National's new head

Trevor Nunn, soon to be artistic director of the National Theatre, yesterday attacked British theatre for being "intent on becoming a disaster plucked from the jaws of triumph".

Mr Nunn, 56, who became artistic director of the Royal Shakespeare Company at the age of 28, and later directed both *Cats* and *Les Misérables*, said the state of theatre was such that he could no longer claim it deserved a larger subsidy.

Even more provocatively, he questioned who would wish to visit the West End when it was so filthy - and suggested that the homeless who were clogging up

recognisably improved environment for both indigenous and the visiting population, and self-respect and wages for the erstwhile beggar.

In the Seventies and Eighties, he argued, theatrical wisdom was that if you could "hang on" until the tourist season began in June you could then sit back and listen to the turnstiles clicking until late September.

But that was no longer the case. "In the past week, still more West End shows have closed, leaving 10 London theatres empty....

"For the 18 years I was responsible for the RSC, I made regular speeches not only about why we deserved the subsidy we received from the taxpayer, but why it made excellent economic sense to give us more. One of my main points was that tourism, especially of the cultural kind, was the biggest growth industry of the last quarter-century.

"Market research had proved that the British - and especially the London - theatre was a primary reason for people to come to these shores. More Government investment in theatre would achieve a manifold repayment. If I were to make that speech today, I couldn't complain if some men in white coats came to take me away."

Mr Nunn, who joins the National Theatre in September next year, said the solution was for "pusillanimous" managements to stop presenting camp entertainments and unnecessary revivals of "boulevard bonbons in a vain attempt to re-attract yesterday's audience."

In their place, he said, they should stage challenging new plays and new productions of great old plays.

It is not clear whether the outspoken views of the millionaire director will offend the National Theatre. A spokeswoman said: "We really don't have a comment."

Leader, page 11



Nunn: 'Homeless could help'

its doorways should be put to cleaning the streets.

"The central area, particularly Shaftesbury Avenue and surrounding Soho, looks perpetually as if a garbage strike is in its second month: gutters are clogged with litter, refuse is scattered everywhere, pavements are sticky with beer dregs, urine and vomit.

"Who of sound mind would pay money to visit such a repellent district in search of entertainment? Every doorway now houses a shivering blanket-huddled person," he wrote in the *London Evening Standard*. "There is an obvious equation. Here on hand is a workforce to clean up central London, providing an un-

Hall to revive glory of Old Vic with own repertory company

Sir Peter Hall has been appointed artistic director of the Old Vic theatre with his own resident company and a brief to recapture its glory days of the Twenties and Thirties, writes Marianne Macdonald.

The choice of the former artistic director of the National Theatre is part of an ambitious scheme to reinvigorate the theatre, which has barely broken even in recent years and has not had an artistic director since Jonathan Miller left in 1990.

Andrew Leigh, general manager, said the intention was to recreate the Old Vic's "great days" of the Twenties to the Forties when the south-east London theatre was world famous for its classical repertoire.

Later the Old Vic company failed, and after the National Theatre moved into its own premises in 1976 the theatre's artistic policy had been unfocused, he admitted.

Announcing the appointment yesterday, David Mirvish, the theatre's Canadian owner, said the idea of a repertory company returning to the Old Vic was so "dangerous" that Sir Peter was the only person he would have trusted to do it.

"Sir Peter has run two out of the three great theatres in this country. I am proud that he is joining us to tackle the final theatre in the triumvirate," he said.

Sir Peter, 65, said the Peter

Hall Company would perform one of the most challenging repertoires in the country. It is to stage five classics and five new plays throughout the first season, giving 10 performances a week, and opening every day of the week.

The director, who founded the Royal Shakespeare Company in 1960, has yet to recruit the 15 company members. He said that he had put out feelers but had not yet "landed any catches".

He aims to attract large audiences to his season, which opens on 4 March next year and ends on 6 December, by undercutting ticket prices in the West End - which Trevor Nunn described yesterday as in a state of malaise. Regular theatre-goers will be offered a subscription scheme with low prices.

He will direct four out of five of the classics, while Dominic Dromgoole, former artistic director of the Bush Theatre in west London, will have artistic direction of the five new plays, aimed at attracting younger audiences. Details of the productions will be announced in the autumn.

Saying it with flowers



Andrew Graham-Dixon on a unique Dutch exhibition
Section Two

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Gospel to jazz up the Proms

The London Adventist Choral prepares for a concert to be given on Sunday at the Royal Albert Hall, the first time a whole Prom has been devoted to gospel music.

All the members belong to the Seventh Day Adventist Church in London; their repertoire includes classical and chamber music, part-songs, Negro spirituals, traditional hymns and contemporary gospel.

The choir, founded in 1982, has appeared at the Proms only once before, although it has performed throughout Britain and appeared in 1993 in Kurt Weill's *Cry, the Beloved Country*. It has toured in France, the Netherlands, Spain, Zimbabwe and the USA. Last year it was nominated Sainsbury's Choir of the Year and received the BBC2 National Gospel Choir of the Year award. Its most recent engagements this year were at the Grassington, Warwick and Henley festivals.

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news

New channel is £15m over budget ... before it launches



Differing wavelengths: Greg Dyke (left) and Channel 5 chief executive Ian Ritchie show the scale of the retuning problem. Montage: Jonathan Arnest

The estimated cost of retuning millions of video recorders and televisions to allow reception of the new Channel 5 television signal has risen by at least 25 per cent, sources at Channel 5 Broadcasting conceded yesterday.

The news emerged as Channel 5 unveiled details of its plans to visit nearly 10 million homes in the UK starting this week, to retune equipment in advance of the launch of the country's fifth and final mainstream television service, due to be on screen early in 1997.

The original retuning budget of £55m, to be borne by the channel's backers, Pearson and United News & Media, could soar to at least £70m, as Channel 5 confirmed yesterday it would send 7,000 engineers into the field to visit homes, backed up by 380 staff at a state-of-the-art call centre.

The higher budget was deemed necessary following a pilot retuning project just completed in Surrey, which suggested that original plans had been inadequate. It will be met by the channel's owners, and the

Cost of retuning operation is set to soar as TV company outlines plan for engineers to visit 10 million homes. Mathew Horsman reports

programming budget of £110m a year will not be affected.

The retuning exercise, necessary to avoid interference from VCR playback signals in nine transmission areas, will be backed by an extensive media campaign featuring 3,000 posters and in-store promotions in Blockbuster Video outlets and at Thorn and Granada rental shops. Granada and Thorn have agreed to retune the equipment that they rent to private homes in the UK.

The Channel 5 signal uses the channel 37 frequency in key areas of the country, which is used by many VCR manufacturers for the playback signal.

Talks continue with cable operators, which could lead to special subcontracting deals permitting companies to retune equipment in their own franchises. Retuning is the "crucial first step" in launching

Channel 5, Ian Ritchie, the channel's chief executive, said yesterday, promising further details on programming by September.

The service is expected to be dominated by light entertainment, serials and soaps, and will be 60 per cent original programming, its backers said yesterday at a high-tech unveiling of the retuning plans.

"The retuning exercise will be difficult and it will be very public," Mr Ritchie said. "That is the problem with being a pioneer," he said, paraphrasing the film producer Sam Goldwyn. "You end up with hundreds of arrows in your back."

The retuning programme has already created controversy, following a report in the *Independent* that the ITV companies, which have most to lose

from the introduction of a third commercial mainstream channel, have launched a destabilisation campaign aimed at undermining confidence in the ability of the new service to launch on time and on budget.

According to an independent analysis by Goldman Sachs, the Channel 3 companies could lose as much as £30m in revenues in the first year of Channel 5, depending on how successful the new service is.

Channel 5 executives yesterday dismissed the criticisms of their rivals, and insisted the service will be launched on time.

Starting next week, retuners will begin a door-by-door campaign, backed up by the promotional campaign and an extensive and comprehensive security programme. All retuners will wear branded uniforms and carry special

identification cards. The visits will take no longer than 25 minutes each, and will allow viewers to tune into the new service once it goes "live" next year.

Channel 5 has reached an agreement with the Association of Chiefs of Police to vet all retuners, to ensure that none has a criminal record.

Safety issues have been a key consideration, Mr Ritchie said yesterday. "We must manage the security risk, and must ensure that correct information is provided to all households. That is absolutely crucial."

The door-to-door nature of the retuning exercise has already led some police authorities to warn of the dangers of fraud and crime. Greg Dyke, chief executive of Pearson Television, one of the channel's main backers, famously called the retuning exercise a "burglar's charter" in 1991, when the franchise for the fifth channel was first (and unsuccessfully) tendered.

The licence was awarded last year, following a controversial auction that saw Richard Branson and Rupert Murdoch lose to the winning consortium.

Lazy car salesmen are giving customers a raw deal

GLENDIA COOPER

As the rush for 'P' registration cars starts later this week, a study of dealers suggests many are "lazy, incompetent and even law-breaking".

A survey for the *Consumers' Association* magazine *Which?* found that an alarming number of salespeople could not, or would not, answer basic questions about the models and the finance packages on offer. Many failed to provide written finance quotes when asked, which is a criminal offence.

Only seven out of 64 dealers visited were able to answer all the retailers' questions correctly and helpfully.

Manufacturers, who have almost complete control over who sells their cars, failed to direct all customers who phoned a helpline to their nearest dealer. Peugeot got it wrong half the time.

Dissatisfaction with dealers is not new. In January 1996 more than 45,000 motorists phoned the Korean car giant Daewoo after an advertisement offered them a car free for the year if they had suffered at the hands of other drivers.

Eight researchers for *Which?* visited dealers in the Midlands, the north-west and south-east of England, posing as new car buyers. In each area they went to the main dealer for the biggest makers - Ford, Vauxhall, Rover, Peugeot, Citroen and Volkswagen.

In more than a quarter of cases the researchers said they would not be happy to buy a car from the dealers they visited.

They found bored staff who fobbed off customers with leaflets. A researcher who went to one Rover dealer in Birmingham said: "One salesman went out for a cigarette. I felt we could be interrupting their quiet life."

Three of the five female researchers felt some salesmen were reluctant to deal with women. Only one salesperson in the 64 dealers was a woman.

All new car dealers offer finance packages and under the Consumer Credit Act must provide specific written information if requested. Yet when the researchers asked half the dealers for a written quote, 18 refused, or gave incomplete information, and only five produced documents which were legally correct.

Which? editor Helen Parker said: "Clearly, you cannot rely on dealers as a source of information, let alone advice."

The reason given by manufacturers for their exclusive dealer arrangement is that only their dealers can provide expert advice on their cars. But if manufacturers will not monitor those dealers properly, the exclusive arrangement must be taken from them.

Nazi loot to be auctioned for Holocaust victims

EMMA DALY

Works of art seized by the Nazis from Austrian Jews during the Second World War will be sold this autumn to benefit Holocaust victims, it was announced yesterday.

The move follows the announcement at the weekend that the Government is to investigate allegations that millions of pounds worth of gold plundered by the Nazis was divided up by the Allies after the war.

Christie's said that about 1,000 objects will be sold for an

estimated £2.3m. The money will go to both Jewish and non-Jewish victims of Hitler's gas chambers.

Pictures, carpets, tapestries, furniture, arms and armour, coins and books, have been stored for more than 40 years at a 14th century monastery at Mautsba, Austria.

They were originally part of a much larger collection which was turned over to the Austrian government by the Americans after the war with the proviso that every effort should be made to locate the owners. Repeated attempts to trace

them or the families has resulted in more than 10,000 objects being returned. But last year the Austrian parliament transferred ownership of the untraced residue to the Federation of Austrian Jewish Communities.

It has now set up an international committee to oversee distribution of the funds from the forthcoming auction. Christie's will sell the property in Vienna on October 28 and 29.

Meanwhile, the Foreign Secretary, Malcolm Rifkind, has agreed to open an "immediate and full inquiry" into allegations that the Allies and the Swiss

government struck a deal in 1946 to divide up Nazi booty, including several hundred million dollars worth of gold probably stolen from Holocaust victims and deposited in Swiss banks.

The Labour MP Greville Janner asked the Government to search for information among the archives at the Foreign Office, the Treasury and the Defence Ministry after the publication of US documents showing that the Swiss government paid the Allies \$15m (worth \$90m at the time) in exchange for gold and other properties held by Germans in Switzerland.

The case is just one aspect of the long battle for justice in the case of Jews, victims of the Holocaust, and others in occupied Europe who were robbed by the Nazis. The stolen gold was said in an Allied document to be worth at least \$200m (at most \$20m now). The inquiry should determine "how much money Britain has had from this loot and what has happened to it", Mr Janner said.

A spokeswoman for the Holocaust Education Trust said now there was evidence that British intelligence might have information, their most impor-

tant aim was for the Government to give them help.

She said: "We don't know how this money was spent. It is slightly suspect perhaps, but we need to know more. We can't make assumptions. This whole process is about finding out the facts. We want to know why the Government said they didn't know anything about it in the first place and why they've changed their minds now."

"The whole process is about morality. We've really only just started it in this country - that's why we went to the Government for help."

DAILY POEM

Early Minoan

by Lorand Gaspar

In the sleep of rocks the hand spells
the names and rhythms for an incantation.
And this voice drawn from opacity is so clear,
so simple, the throat it opens in what has weight,
that the hand shivers on the hollowed-out slopes.
Back to back with night, pauses again.
Such slight sound of waters running through fingers,
follows a line as yet unknown in the world,
where the touch breathes from point to point,
where the stone waves unbuttoned its body;
unfastens at the belly the joy of fullness,
and repeats the line already unknown to this world,
in the heat of the same forgotten ravage.

Lorand Gaspar is part of a new movement of metaphysical poetry in France. Surrealism dominated French poetry before the Second World War, existential or "committed" literature after it. Metaphysical poetry, concerned with the being of things, seen and unseen, and the nature of poetic language is an unexpected *fin de siècle* development. Bloodaxe's bilingual *New French Poetry*, edited by David Kelley and Jean Khalifa, offers a fine introduction.

Teachers 'lacking English skills'

FRAN ABRAMS

Education Correspondent

Teachers are being allowed into the classroom with poor skills in English and without any real vocation for the job, a teaching association leader said yesterday.

Peter Jenkins, president of the Professional Association of Teachers, told its annual conference in Cheltenham that too many people were allowed to drift into teaching because they could not get any other job. Many were not much better at spelling than their pupils, he said.

His comments follow an announcement by the Secretary of State for Education, Gillian Shephard, that teacher training colleges could be subjected to a national curriculum which would make sure that they taught numeracy and literacy adequately.

Mr Jenkins told the associa-

tion, the most right-wing of the teachers' groups, that the minimum English qualification for entering teaching, a grade C or above at GCSE, was too low. There was a fear that teacher shortages might lead to it being lowered, he added.

"It seems to me woefully inadequate to have such a low requirement in the language in which teachers are supposed to communicate," he said.

Mr Jenkins went on to express concern about the skills of primary school teachers who, he said, were not trained to deliver the nine-subject national curriculum. Bigger primary schools should be able to appoint subject specialist teachers, he said, particularly in maths, science and design technology.

In addition, he said, modern languages could be taught in primary schools if specialist teachers were available.

"It's really rather shameful that the reason it's not feasible

at the moment to introduce modern foreign languages to the primary sector is that the subject expertise to deliver it is simply not there," he said.

He applauded Mrs Shephard's announcement, saying that much of the teacher training on offer was "dubious" and that it had brought the concept of professional development into disrepute. Teacher training institutions found by inspectors to be inadequate should have their funding cut, he said.

"Never mind all the rhetoric about weeding out incompetent teachers. How about weeding out incompetent trainers?" he said.

Mr Jenkins criticised the government's Better English Campaign, led by broadcaster Trevor McDonald.

"We should be glad that the Government has recognised there is a problem in this area. But setting up a campaign under the guidance of a media per-

sonality isn't really the way to solve it. It would achieve more if students entering teacher training were required to have higher standards of competence than at present. A C-grade in English GCSE is laughably inadequate," he said.

Above all, he added, teachers should really like children and young people.

"How sad it is to listen to the staffroom comments of some colleagues who clearly have no liking for children ... for whom teaching is just a job to be done, with varying degrees of competence for the pay cheque at the end of the month," he told delegates.

Cheryl Gillan, the Junior Education and Employment Minister, said she was "generally sympathetic" to Mr Jenkins.

"I am sure he and the Professional Association of Teachers will welcome what the Government is doing to address these very issues," she said.

New drug hope for motor neurone disease

LIZ HUNT
Health Editor

The first ever drug to treat motor neurone disease (MND), the fatal degenerative disorder which claimed the lives of actor David Niven, journalist Jill Tweedie, and Don Revie, the former England football manager, is launched today.

Doctors say the drug, known as riluzole, appears to slow down the progress of the disease, and offers a "first glimmer of hope" for sufferers that a cure may one day be found.

Until now, the only treatment on offer has been physiotherapy and other palliative care in the later stages of the disease, when the patient is almost completely paralysed, unable to speak or swallow. Ultimately, breathing is affected: more than half of patients die of respira-

tory failure within three or four years of diagnosis.

Tricia Holmes, director of care development at the MND Association, said that one of the most distressing features of the disease was that patients remained mentally alert even in the most advanced stages. "They really become prisoners of their own bodies," she said.

Riluzole, which is available on NHS prescription as Rilutek, does not halt or reverse MND but it can extend survival time. Why motor neurones – the large nerve cells which relay messages between the brain and muscles – start to die off in people with MND is not known, but one theory blames the accumulation of glutamate, a neurotransmitter.

High levels of glutamate are believed to kill motor neurones by "over-exciting them," and

A progressively disabling disorder



Victim: Jill Tweedie

There are about 5,000 people with MND in Britain. Average age of onset is about 55.

Survival time is usually about three years from diagnosis, but one in five patients lives for five years or more and a very few – such as the physicist and mathematician Professor Stephen Hawking – survive for more than 20 years.

Symptoms include weakness, cramps, muscle twitches, fatigue, weight loss, and problems with speech, chewing and swallowing. The disease is progressive and patients reach full paralysis in the late stages.



Victim: Don Revie

riluzole may work by inhibiting its accumulation. A trial of more than 950 people with well-established MND showed that after 18 months of treatment, the number of patients

dying was 35 per cent fewer than in those not taking the drug.

Neurologists are hopeful that if treatment is begun even earlier, at the time of diagnosis of MND, then its impact may be

even greater. Professor Douglas Mitchell, a consultant neurologist at the Royal Preston Hospital, said such patients had only been receiving the drug through a special "early access" arrange-

ment for a year, and it was too soon to assess the effects.

The severe disabling effect of the disease in its later stages has raised questions about the benefits of prolonging life, and about the cost of the drug which is around £3,000 per patient per year. Professor Mitchell said that some of his patients had turned down the opportunity of taking the drug on the grounds that they did not want their lives extended. Others have welcomed the chance to gain some extra time.

"For many people time equates to quality of life," Professor Mitchell said. "Often they have some target or goal in mind, such as a birthday, or to see a son or daughter married. It is ultimately a decision for the patient to make, once fully informed by his or her doctor. It is not for able-bodied

people to judge what is quality of life for the disabled."

The cost involved was "a drop in the ocean," Professor Mitchell said, compared to drugs such as beta-interferon, which was launched last year as a treatment for some types of multiple sclerosis.

There has been some opposition to riluzole from people who say that greater investment in physiotherapy, equipment and palliative care would have the same benefits, but this argument has been dismissed as illogical, given evidence of the beneficial effects of the drug.

There are several other new drugs for MND in the pipeline, including nerve growth factors, which help maintain healthy nerves. Another theory blames free radicals – highly toxic particles which occur in the body and the environment – for mo-

tor neurone damage. The cells are particularly vulnerable because they are very large and have just a single nucleus. Drugs which mediate this free radical damage are also a possibility, and ultimately a combination of therapies may provide the most effective means of treatment.

British scientists say that several different genes are involved in a susceptibility to multiple sclerosis (MS), another debilitating disease of the nervous system. The findings, published in *Nature Genetics*, have been hailed as a significant step forward in understanding MS. An interplay of genes with environmental factors, possibly viruses, may be the cause. Relatives of people with MS have a slightly increased risk of contracting the disease, though many genetically susceptible individuals never develop it.

A pregnant pause as Titan fails to bloom

KATE WATSON-SMYTH

In a scene reminiscent of the maternity ward of a busy hospital, a crowd of tourists, botanists and journalists paced up and down with worried expressions. The largest flower on earth, graced with one of the most nauseating smells on earth, was due to open at Kew Gardens for the first time in 33 years yesterday.

But as the tension mounted in the already sweltering heat of the Princess of Wales conservatory, the titan arum (*Amorphophallus titanum*) remained steadfastly shut.

Anxious onlookers pressed a harassed-looking botanist for information, only to turn away despondently when told "later, later". Outside, a television journalist paced up and down like an expectant father, smoking a cigar and mopping his brow.

Those who are lucky enough to witness the happy event will need strong stomachs. The smell has been described as a mixture of rotting fish and burnt sugar. The locals in its native Sumatra called titan arum the "corpse flower".

Small or no smell, still the faithful waited. The excitement in 1926, when Kew's first specimen flowered for only the second time (the first was in 1889) was so great that police had been called to control the crowds. Each titan arum tuber has a lifespan of 20 years, but, even in the wild, will flower only once every three or four years.

Peter Boyce, one of two botanists working on the Swiss cheese plant family to which titan belongs, said: "The flower is so big that it takes all the plant's energy to produce it. Once it has done so, it needs a few years' rest before it can do it again."

Sadly, by late afternoon, it was apparent that titan arum intended to keep her fans waiting just a little bit longer. Many were determined to return today, when, Mr Boyce promised, their patience would be rewarded. "Well hopefully anyway."



Expectant: Tourists, botanists and journalists wait for the biggest flower on earth to bloom at Kew Gardens yesterday. The titan arum last opened in 1963

Photograph: Edward Sykes

Cricket action 'hollow and contrived'

Ian Botham and Allan Lamb's libel action against Imran Khan was both "contrived and hollow", George Carman QC told the High Court in London yesterday.

Making his closing speech for Imran, he said the two "distinguished" sportsmen seemed to hold grievances against the English cricketing authorities. Botham's was apparently that they treated him differently from Imran and Lamb's that he was fined when he broke his contract to speak out in the press about ball-tampering.

He asked the jury to consider whether they approached the case with "some kind of personal agenda". Submitting that their claims were unfounded, and that there was no libel, he said the case was in some ways "both contrived and hollow".

They might claim to want vindication, damages and their

names cleared – but the vindication was available two years ago. "You have to consider whether in morality or decency, Imran Khan should ever have to pay them a penny."

Botham and Lamb are suing Imran over an "offensive personal attack" in *India Today* magazine which they say called them racist, uneducated and lacking class and upbringing. Botham alone is suing over a May 1994 report in the *Sun*, which, he says, accused him of ball-tampering – something he says he has never done.

Imran, who denies libel, says his words were taken out of context and he was only trying to defend himself.

Mr Carman said the "melancholy" actions were ill-considered, ill-founded and based on the false propositions that every breach of the laws of cricket was



Botham and his wife, Kathy, and Allan and Lindsey Lamb arriving at the High Court for yesterday's hearing

cheating, that no offer of an apology had been made and that Imran had been accurately quoted in *India Today*.

There had been overwhelming evidence that there were technical breaches which were part and parcel of the game.

"The lid has come off, hasn't it? The lid has finally come off the myth that every breach labels someone a cheat. It's quite obviously not so." The compelling effect of the evidence was that lifting the seam had gone on since "time immemorial".

The suggestion that no apology had been offered by Imran was profoundly incorrect and the jury had been directed to that effect by the judge. Imran's evidence that he had been misquoted in *India Today* was unchallenged.

On the question of damages, Mr Carman said the jury should be aware that the "going rate" for pain, suffering and loss of amenity of life in personal injury cases was, at most, £125,000 for someone left paralysed and wholly dependent for life.

Someone blinded for life might receive £92,000, while the loss of an arm or leg would attract compensation of £50,000.

He asked: "Do these figures give you any help as to the extremely modest, if not trivial, sums you should award if you were against every single word I had to say?"

Dinner ladies awarded £1m over council's unfair pay cut

BARRIE CLEMENT
Labour Editor

Local authorities were warned yesterday against driving down costs by cutting the wages of female employees while leaving men's pay intact.

Nearly 2,000 school dinner ladies employed by the old Cleveland County Council yesterday won more than £1m in lost wages and compensation after the authority admitted to sex discrimination.

Management had insisted on cutting the women's weekly pay by between £5 and £50 in an attempt to beat off private firms who tendered to provide the same service. Male workers in the department were not asked to make these sacrifices.

Leaders of the Unison and GMB unions, who backed the women's cases, said it sent a clear message to councils that they could not "ride roughshod" over previous agreements when government policy forced them into compulsory competitive tendering. Any attempt to reduce costs by targeting vulnerable workers would backfire, union officials said.

The women's cases were taken to an industrial tribunal, but Cleveland, which went out of existence through local government reorganisation earlier this year, admitted that its move constituted discrimination and was in breach of contract.

Now four unitary authorities, which have taken over from the council, will have to pay a total of 1,958 women employed in school meals services across

Tees-side between £200 and £1,300 each. This includes back pay and compensation to the women for injury to feelings.

Some former Cleveland dinner ladies, however, pointed out that they will end up losing cash. Although their hourly pay was being upgraded they were now working fewer hours. Pat Marston, one of the workers, said she was £11 a week worse off and now had to take another job to compensate.

Stefan Ross, representing the unions, said the award represented a "shot across the bows" to other local authorities considering such a policy.

Eileen Goodenough, of the GMB, said it showed the cost to employers of ignoring workers' rights on compulsory competitive tendering.



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Indonesia: The weekend riots have lit a fuse under a regime which holds together one of the world's most populous countries

Fear over dozens of 'missing' protesters

RICHARD LLOYD PARRY
Jakarta

Three days after the army broke up riots and pro-democracy demonstrations in Jakarta, at least 78 people are missing in what human rights workers fear may be a new round of politically-inspired "disappearances" by the Indonesian government.

As many as 10,000 people took to the streets on Saturday after police raided the offices of the Indonesian Democratic Party (PDI) where pro-democracy demonstrators had been conducting a sit-in. After throwing stones at police who had sealed off the streets around the PDI, angry crowds rioted in a nearby business district, setting fire to cars, buses and buildings, including banks, car showrooms and a government ministry. Hundreds of people were arrested, many of them injured by police batons, but discrepancies between government figures and those gathered by human rights groups are raising fears that the government may be resorting to illegal means to dispose of its political opponents.

According to figures supplied by the police and army to the Indonesian Legal Aid Foundation (ILAF), 178 people have been charged with crimes committed during the riots, and 28 more remain in custody without charge, while 158 people are known to be receiving hospital treatment for injuries sustained during the disturbances.

A military spokesman yesterday claimed that only two people had died, but at 9pm on Sunday three ambulance hearses were seen leaving a Jakarta hospital escorted by police and army vehicles. The PDI claims that as many as 54 people died, and by yesterday evening 78 political activists remained unaccounted for.

"Today 78 families came to this office asking for help in finding their relatives who hadn't come home," the operations secretary of the ILAF, Mr Munir, told the Independent. "Some of them saw their family members being arrested, and they are very worried about them." The ILAF believes that 500 people disappeared in 1984 after a battle between Muslim

demonstrators and soldiers at Tanjung Priok in Jakarta. "We are also very concerned that this is following a similar pattern," said Mr Munir.

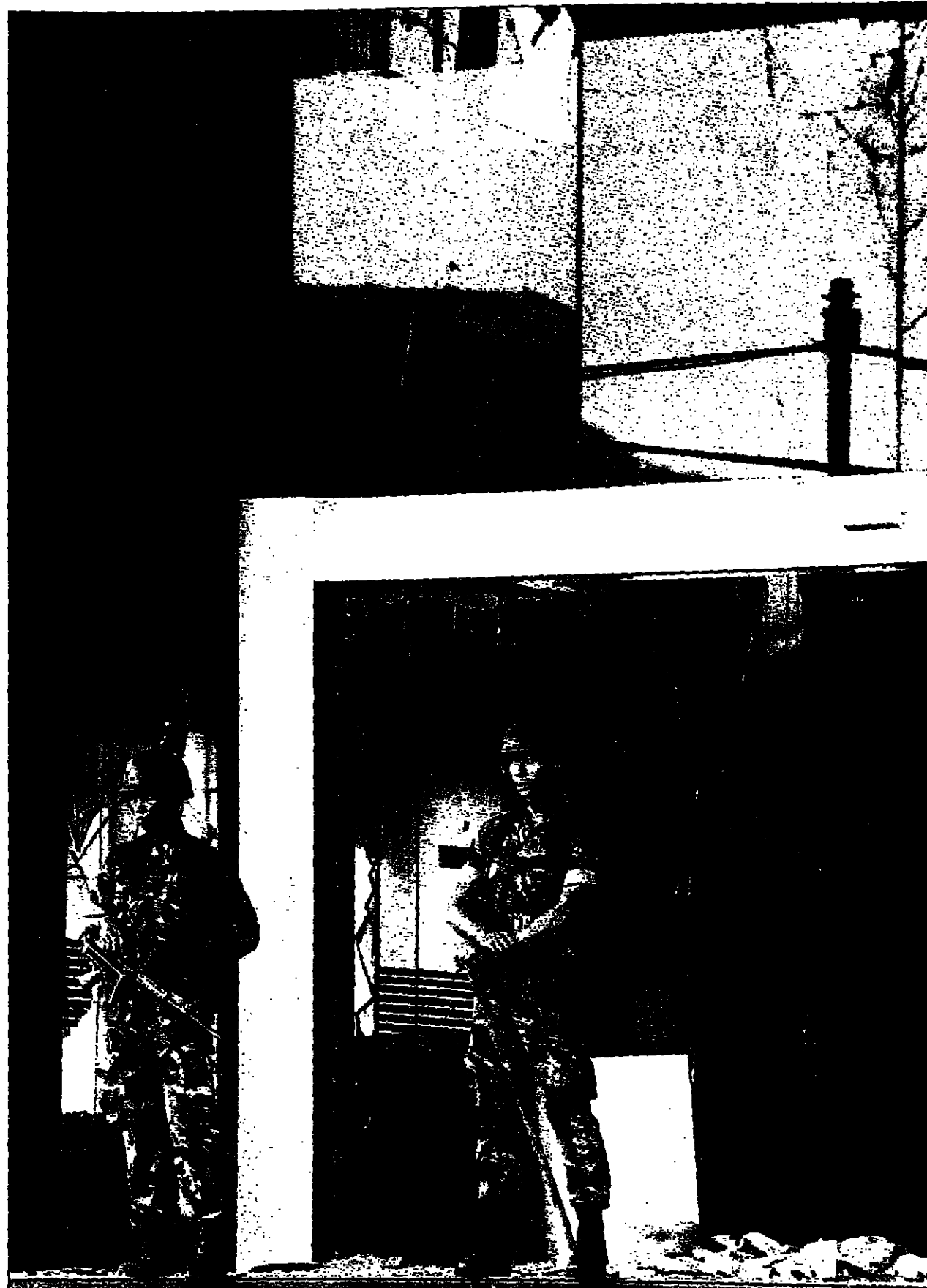
The government-sponsored National Commission on Human Rights (NCHHR) yesterday launched an investigation into the disturbances. "They constituted clear violations of human rights, including the right to freedom from fear and property rights," said the vice-chairman of the NCHHR, Marzuki Darusman. "These things happened because violence was used in trying to resolve matters by people with political objectives. It comes down to the skills of politicians and ministers in handling these things."

Officials of the NCHHR were yesterday turned away from hospitals where some of the wounded are being treated. The Legal Aid Foundation believes that many of those in custody have been denied access to lawyers.

The Indonesian government and armed forces have repeatedly been accused of perpetrating the "disappearances" of political opponents. In East Timor, a former Portuguese colony which was annexed by Indonesia in 1976, as many 200,000 people are believed by human rights organisations to have been killed or to have died of starvation or disease after the invasion. In 1991, 270 people were killed and some 200 disappeared after troops fired on unarmed mourners at a funeral in the former East Timorese capital, Dili.

A statement on the weekend's events was issued by Amnesty International. "As on previous occasions when the security forces have moved to suppress public opposition, the raid was characterised by the use of excessive force," it said. "Amnesty International is gravely concerned for the safety of those individuals currently in detention."

In a statement to the United Nations Special Committee on Decolonisation last week, Amnesty International criticised cited "reports of extrajudicial killings, 'disappearances', arbitrary arrests, torture, beatings and unfair political trials throughout the year."



Armed force: Indonesian soldiers guarding a bank damaged in weekend riots

Photograph: Enry Nuraheny/Reuters

Thirty-year rule of unity threatened by turmoil

Jakarta — By geographical common sense, Indonesia should not be a country at all, let alone a stable, prosperous and unified one, writes Richard Lloyd Parry. From Aceh in the far north west to the Torres Strait in the east is 5,000 miles, almost as far as from London to Baghdad. The archipelago has 14,000 islands, some mere equatorial rocks, others some of the largest in the world.

There are more than 190 million Indonesians (only China, India and America have bigger populations) and they range from Jakarta yuppies to tribesmen in Irian Jaya whose national costume is a gourd worn on the penis. In some respects, Indonesia seems more like an unwieldy empire than a nation state. For years, it has seemed almost invisible to European eyes. Now, however, its very survival in its present form has been called into question.

Violent riots in Jakarta have left at least two people dead, many injured, and a dozen government buildings and businesses gutted by fires. There were no new disturbances yesterday, but the presence of armoured cars and troops on the streets of the capital may indicate that Indonesia's years of miraculous unity are at an end.

The key to the changes afoot in Indonesia lies with one man, 75-year old President Suharto. In 1965, when he came to prominence, the country was an international basket case, racked by anti-communist and anti-Chinese pogroms which killed as many as 400,000 people and were described by the CIA as "one of the worst mass murders of the 20th century". Two years later, he had placed the former President Sukarno under house arrest, and been declared president of the so-called "New Order". He now rules over the biggest and most economically powerful country in south-east Asia.

Suharto is now an old man. His advancing years have coincided with escalating changes in Indonesian society and the surfacing of old and familiar conflicts. The country's burgeoning wealth is distributed unequally: a disproportionate number of rich Indonesians are ethnic Chinese, and the resentment which fuelled the pogroms of the Sixties has never fully subsided.

But the most favoured fan-

ily of all is that of the President. Suharto is immensely revered, but in May there were stifled gasps of indignation when his son Tommy was awarded the right to develop a national car, free of import and luxury taxes. Earlier this year a petrochemical plant owned by another of the Suharto boys, Bambang, was exempted from a tax increase.

"Insulting" the President is still punishable by imprisonment, but a code word has been developed for criticism of the Suharto dynasty. When you ask protesters on the streets of Jakarta what they dislike about



Suharto: introduced New Order to Indonesia

the government, the second thing they say is "corruption".

Their first complaint is also couched in oblique terms. Last weekend's riots were sparked when the headquarters of the Indonesian Democratic Party (PDI) were raided by police. They had been occupied for more than a month by supporters of Megawati Sukarnoputri, the ousted leader of the PDI. Ms Megawati's demands seem modest: she wants the government to recognise her as the legitimate leader of the PDI, and withdraw its support for a rival elected in a rigged Congress last month. But her resistance is incendiary. First, she is the daughter of the former president, Sukarno. Second, and as a partial consequence, she is the most popular and respected figure in the country.

Suharto has never yet been challenged, but his clumsy sacking of Megawati has given her fellow citizens new ideas. Indonesia's unity may begin to look less like a triumph over the odds and more like a 30-year-old fluke.

Indonesia: country profile



Geography: Indonesia is the world's largest island group consisting of five large islands (Java, Sumatra, two thirds of Borneo, Sulawesi and Irian Jaya) and 14,000 smaller islands (6,000 inhabited) covering 735,000 square miles. It is the world's fourth largest country with an estimated 192 million people, 87 per cent of whom are Muslim.

History: Indian and Persian traders introduced Islam in the 14th century. Dutch control, as the Dutch East Indies, lasted from

the 18th century to Japanese conquest in 1942. After a brief war, independence was granted in 1948. Indonesia seized the former Dutch territory of East Timor in 1975 but this has never been recognised internationally.

Politics: From 1949 to 1967, Indonesia was dominated by the President Sukarno, who adopted a broadly anti-Western and pro-Maoist foreign policy. He was replaced by former General Suharto in 1968, who switched to a pro-western approach but

imposed de facto one party rule. Riots last weekend were sparked, in part, by the government's ousting of Megawati Sukarnoputri - daughter of Sukarno - from the leadership of the main opposition party, the Indonesian Democratic Party (PDI).

Economy: Growing industrialisation in recent years but oil and gas from Borneo and Sumatra still provide 60 per cent of the national income. The GDP in 1994 was \$190bn (£125bn) or \$1,000 a head.

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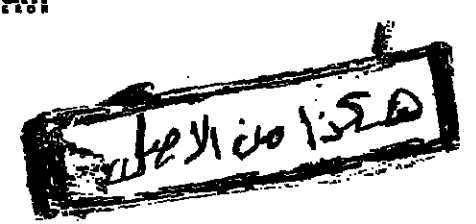
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Olympic bombing: Republicans say they will relax opposition to tough new laws on arms

Atlanta shakes its fist at terror

PHIL DAVISON
Atlanta

Three days after a bomb threatened the Olympics, Atlanta plans to "take back the Games from the terrorists" today by reopening Centennial Park, the site of the blast lying in the heart of the city.

For the first time since the bombing at 1.30am on Saturday, thousands are expected to return this morning for a memorial and prayer service for the bomb's victims, led by the Rev Andrew Young, a former mayor of Atlanta, former ambassador to the UN and a leading member of the Olympics organising committee.

As the Games continued yesterday, President Bill Clinton

was holding a summit on terrorism with the head of the FBI and the leaders in Congress of both political parties.

Angered by the Atlanta bombing and the likelihood that the TWA plane was blown up, Mr Clinton is pressing for tougher laws against terrorism.

These may include tapping the phones of suspects, greater military assistance to law-enforcement agencies and obliging explosives manufacturers to give their products identifiable chemical markings, which would make it easier to trace the bombers.

The Republican speaker of the House, Newt Gingrich, has indicated that his party might drop its opposition to Mr Clinton's suggestions, which were

first made after last year's Oklahoma City bombing. Gun rights advocates and civil liberties groups then attacked the ideas as a threat to the rights of individuals.

Adding to the urgency of the White House summit was the question of security at the impending party conventions next month in San Diego and Chicago, in the run-up to the November presidential elections.

Today's reopening of Centennial Park, which is a paved, open-air, cultural, leisure and exhibition centre, is expected to be a symbolic moment for the residents of Atlanta.

The park, built for the Olympics in a deserted, run-down area, was the focal point for the Games' non-sporting

activity, with free nightly concerts that ran into the small hours. It is paved with "sponsored" bricks, bearing the names of the people around the world who paid for them.

Bob Brennan, spokesman for the Atlanta organisers of the Games, urged the public to defy terrorism, including threats from "copycats out there who're finding great fun in disrupting the Games as much as they can", by flocking to the reopening. "We are determined to defy cowardice," he said, adding that he could not confirm reports that some Olympics teams were leaving Atlanta early because of the bombing.

Mr Brennan said the bombing had taught valuable lessons to the Atlanta Committee for

the Olympic Games and to the special observer delegations from Sydney, which will host the Games in the year 2000, and the cities which are bidding for the 2004 event. There has been speculation here that some of these cities may drop their bids after seeing the psychological damage done to Atlanta.

Today's memorial service and the reopening of the park promises to be among the most emotional events here since the civil rights sermons of Martin Luther King. To many residents, the re-opening of their beloved "park" is being billed as more significant than last week's opening of the Games.

Atlantians have compared the scars of the bombing and their recovery to the way the city

rose from the ashes of the Civil War in the mid-19th century.

The focus of the memorial service will be 44-year-old ice cream parlour owner Alice Hawthorne, the only person who was killed by the pipe bomb. A Turkish TV cameraman also died from a heart attack while rushing to the scene and more than 100 people were wounded, a dozen seriously.

Mrs Hawthorne's widower, John, has criticised Olympics officials for minimising the loss of his wife. "No-one bothered to even call me up to give their condolences," he said. While he was out making funeral arrangements on Sunday, burglars broke into his home and stole his television set and video recorder, police said.

Cuban cheer as they beat US at their own game

Political tensions made victory even sweeter. Guy Hodgson reports

Atlanta — It is hard to remember that they were once friends. That they traded pleasure and goodwill along with cigars and sugar. Forty years of hate, of gloowering at each other across 90 miles of water, have wiped the smiles away.

The Cubans do not dislike the United States, the word is too shallow for antipathy that is nurtured in the cradle. Their very being seems to be aimed at putting one over on the not-so-benign Uncle Sam. You know the joy when they defeat the Americans at their own game. In their own backyard.

No matter that the baseball match at Atlanta, Fulton County Stadium, was, in the context of the Olympic Games, meaningless. Both teams had already qualified for the medal round, but it meant something in Havana, which has had to suffer nightly blackouts to conserve energy stocks denied by the US blockade of goods.

"I expect there to be a great party in Havana tonight," Jorge Fuentes, the Cuban coach, said after his team's 10-8 victory. Did the political tensions add to the sweetness of the victory? "Absolutely," he replied.

Not that the result was exactly unexpected. It might seem daft to say it, but the United States is not that good at baseball. Sure, the major league players would be about as stoppable and pliable as a train, but at Olympic level, as one American reporter said: "We suck."

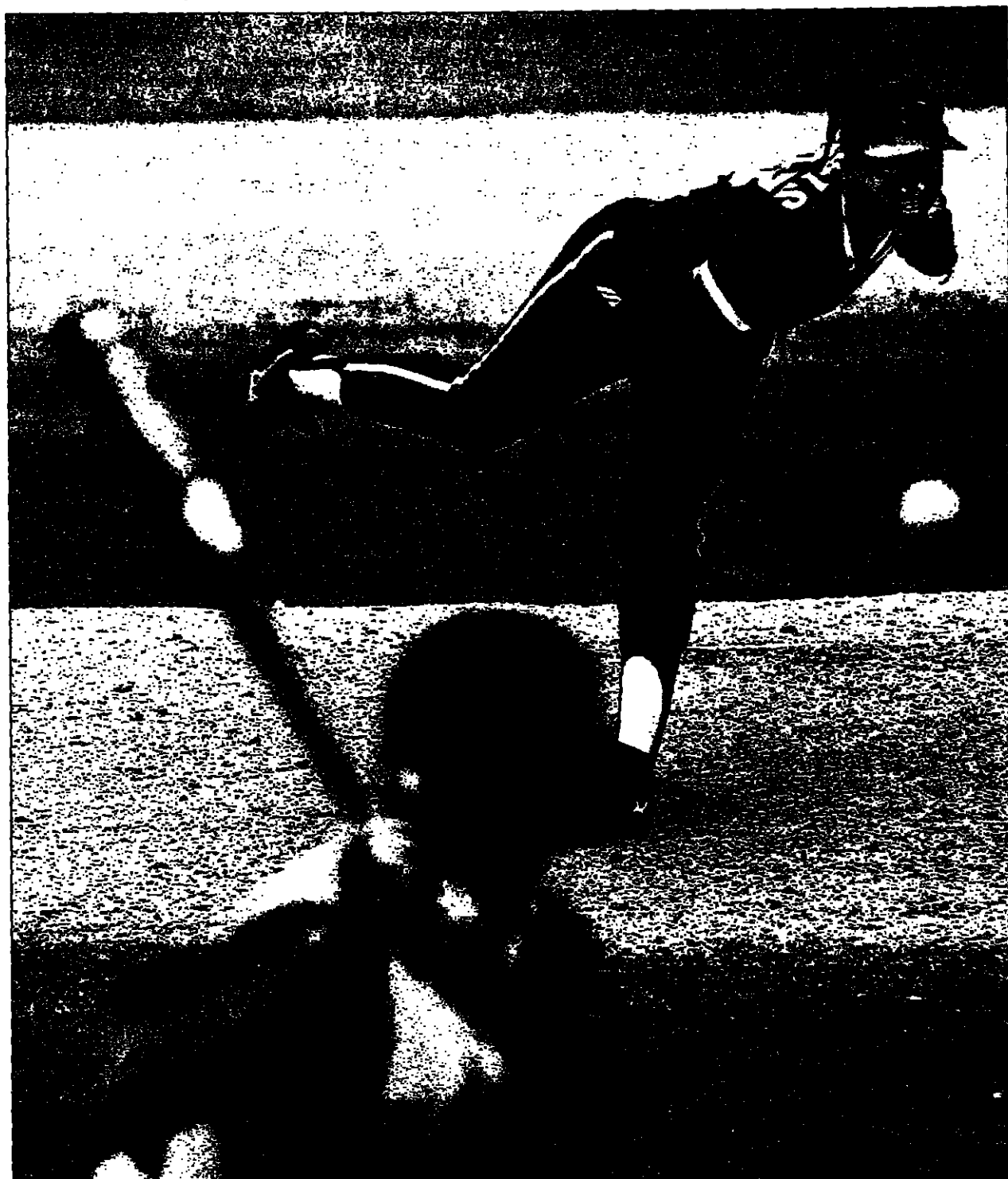
The problem, as it usually is in the land of the free, comes down to ties. Economic ones. To

create a "dream team" of sluggers and pitchers would mean taking them from the National and American Leagues, and in a sport where a \$1m contract is considered very small Budweiser, the clubs would not let it happen. Unless baseball becomes part of the winter Olympics and does not clash with the American season, the pros simply cannot make it.

So it is Cuba, not the US, which struts at amateur level. Fidel Castro (once a pretty good baseball pitcher himself) has not let his athletes play professionally for 30 years, and with players good enough to make it in the majors, their record since 1987 is frightening. Played 94, won 93, is about as close to perfection as you can get.

As a consequence, in the home of the Braves, Atlanta's professional team, the Americans played the meek, holding back their main pitchers so that Cubans will not have worked them out, should they meet in Friday's final. The stadium, just a few empty seats short of its 52,000 capacity, bayed: "US, US", but the bravado was in the stands, not in the home coaches' minds, who were intent on damage limitation against the side known as *Equipo de Sueno* in Cuba. You guessed it, the translation is Dream Team.

Billy Koch was the American pitcher thrown into this particular nightmare. He is an erratic thrower who could be likened to the England fast bowler, Devon Malcolm, sometimes on the plate, at other times searching



Going for gold: Pitcher Omar Luis at Fulton stadium on Saturday. Cuba won 10-8

Photograph: David Ashdown

for the table. On this occasion, he was spot on, and was dispatched for two home runs by Luis Ulaica and Omar Linares — a batter so good that the New York Yankees offered him \$1.5m to defect last year.

The American were 4-0

down after an innings. "Watch it," one American journalist warned. "The Cuban pitcher will throw the first pitch at the first batter. They do it every game." Sure enough, he did, Omar Luis drilling into Jason Williams. Later, he did it again.

Intimidating. Making a point. At 10-2 up, the Cubans could afford to relax and, although the Americans caught up later, a psychological blow had landed.

The lasting effects could be seen in the final. "They have this great confidence to the point of

arrogance," Skip Bertman, the American coach, said of the Cubans. "They didn't jump up and down at the end. They expect to win every single ball game." Make the game politics and the Cubans would say that about the Americans.

Portillo's Nato plan falls on deaf ears in Romania

ADRIAN BRIDGE
Central Europe Correspondent

Romania yesterday insisted it ought to be among the first former Eastern bloc countries to join Nato, and rejected assurances from the Secretary of State for Defence, Michael Portillo, that a phased enlargement of the alliance would not harm the country's interests.

Speaking after talks with Mr Portillo in Bucharest, Romania's

Defence Minister, Gheorghe Tiuca, said the idea of expanding Nato in waves was flawed and that his country feared the first wave of enlargement would turn out to be the last.

"If the idea of a wave is accepted, then I am convinced there will be just one," Mr Tiuca told the daily *Adevartul*. Mr Portillo, on the first leg of a regional tour, said Nato would not slam the doors on further members once the first new

entrants were safely on board.

Nato member states are expected to announce early next year that Poland, Hungary, the Czech Republic, and possibly Slovenia, will be invited to join the alliance, perhaps by 1999.

Despite reforms of its armed forces, Western officials say Romania has not progressed far enough in the overall reform process to qualify for early membership and that, together with Slovakia, Bulgaria,

Albania and the Baltic states, it will have to wait for a second, or a third, wave of expansion.

Bucharest fears exclusion from the alliance could pull the country into a "grey zone", in which it could once again fall under the sway of Moscow.

Romania is particularly annoyed at the prospect of Hungary joining Nato first, arguing that once it is in, Budapest may exercise a veto over Romania's membership.

In an attempt to stymie Hungary's application, the Romanian authorities have warned that any "discrimination" in Hungary's favour would lead to a climate of "competition, mistrust and instability" in the region and could even spark an arms race.

Hungary denies that it would try to block Romania's entry into Nato. It argues that as Romania has a large Hungarian minority, it would be

in Hungary's interests for Bucharest to join.

■ Bonn — News reports say Germany and other Nato nations are planning for the alliance to extend the presence of peace-keeping forces in Bosnia past the end of the year, to prevent the renewal of conflict in the region, AP reports.

The plans do not discount placing German fighting troops in the region, the *Welt am Sonntag* newspaper said.

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Ban on the bomb: World relief as Peking pledges to honour moratorium, but hurdles remain before a treaty can be signed

China's last explosion ends nuclear tests

TERESA POOLE
Peking

With one final Chinese blast, global nuclear testing in theory came to an end yesterday morning. But only hours after Peking "hereby solemnly declared" that it would now observe a moratorium on tests, talks on a Comprehensive Test Ban Treaty (CTBT) recommenced in Geneva with negotiators still struggling to devise a text for a Comprehensive Test Ban Treaty (CTBT) which India and China would accept.

Time is now running out if the CTBT is to be ready for signing at the UN General Assembly in New York in September, as had been scheduled. At the moment India is posing the biggest problem, by insisting that the CTBT must promote disarmament as well as curtailing tests. India wants the treaty to include a pledge by the nuclear powers to dismantle their existing nuclear weapons. If India refuses to sign, as is widely expected, the treaty will not be legally binding.

Meanwhile China, backed by India, is objecting to proposed measures to monitor and verify the global test ban, saying that such on-site inspections may be used by the West for intelligence-gathering.

The United States and Russia believe Peking will agree to

a compromise on this sticking point, and the Chinese foreign minister, Qian Qichen, last week said he hoped the treaty would be signed in September.

In June China dropped its initial insistence that "peaceful" nuclear explosions ought to be made exempt from the test ban, although it still wants the issue reassessed after 10 years.

China's underground nuclear explosion yesterday morning, at its Lop Nor site in western Xinjiang province, was its 45th since Peking started tests in 1964. The test was very small—estimated to be the equivalent of about 5,000 tons of TNT, a quarter to a third of the size of the Hiroshima bomb and min-

imal by modern standards. The small size of the test suggests it may have been conducted to calibrate instruments for subsequent computer simulation of nuclear explosions, or to test a particular component of a nuclear device, such as a trigger mechanism.

By halting its programme now, China has ensured that it will sit level with Britain in the league table of nuclear tests.

Peking's reply to worldwide criticism for being the last country to observe the moratorium has always been that it has conducted fewer tests than the other big nuclear powers.

According to Greenpeace, the final nuclear test scorecard

reads: the United States, 1,030; the former Soviet Union, 715; France, 210; the UK, 45; China, 45; and India, probably 1.

The Australian Foreign Minister, Alexander Downer, said: "The ending of Chinese nuclear testing means that no nuclear weapons state is any longer conducting nuclear tests. This test we had today we hope will be the last nuclear test that will ever take place."

China's decision to hold its last test before the Geneva talks resumed suggests that Peking was anxious to minimise a potentially hostile global reaction. Peking had already announced in June that it would be conducting one more test,

which analysts warned could be disruptive if it took place during the CTBT negotiations.

Yesterday, after years of being on the defensive about its continuing tests, Peking was seeking the moral high ground.

"Such an important decision by China is not only a response to the appeal of the vast number of non-nuclear weapon states, but also a concrete action to promote nuclear disarmament," a government statement said.

China is believed to have the smallest nuclear arsenal of the five nuclear powers. The government statement called on nuclear powers "drastically to reduce" nuclear stockpiles.

China's Asian neighbours, however, yesterday criticised Peking for conducting one last test, although they welcomed the new moratorium.

Anti-nuclear groups, independent analysts and diplomats in the West saw the test as a boost to their hopes for a comprehensive and permanent nuclear test ban.

"The main thing is the Chinese have now announced a moratorium", the Foreign Office said last night. "We share the international community's wish that yesterday's test should be the last ever."

It said it hoped the moratorium would encourage all states to conclude the CTBT on the

basis of the text proposed by Jaap Rameker, the Dutch ambassador to the Conference on Disarmament in Geneva.

According to Suzanne van Mooyland, of the London-based Verification Technology Control Institute (Vertic), the test was a "boost" to hopes that it would be the last and also an exercise of "leverage" by China in the final stages of the CTBT negotiations, which stalled in June.

Rebecca Johnson, of the Disarmament Intelligence Review, said: "China's timing is clearly aimed at giving a boost to early conclusion of the Treaty, as China realised that it would be very difficult to test once the Treaty was agreed".

Perils of payment in kind on the Valdai road

HELEN WOMACK
Valdai

On the road to Valdai, the beautiful lake district between Moscow and St Petersburg, ghostly figures loom out of the twilight, holding up crystal goblets, as if in some strange piece of theatre. They are workers from the Krasnoe Mai (Red May) glass factory who, for the past 13 months, have received their wages not in cash but in kind, and are obliged to stand on the roadside hawking their product before they can eat.

Cars zoom by, ignoring them. When I stopped my car, dozens of the crystal-sellers ran up. When I asked for an interview, they backed off. But when they realised I was British, they relaxed a little. "Come on guys," said Svetlana, a middle-aged woman. "The Valdai police are hardly going to read a London newspaper."

Svetlana explained how she and her friends worked only every other week at the 130-year old factory because its financial difficulties were such that electricity was rationed. In theory, they should receive wages of one million roubles (£150) per month. But instead they were paid in the cut-glass vases and wine glasses which they sold in the rest of their working time and in their leisure hours. The trade itself was legal, but the traffic police moved them on and fined them, saying they caused road accidents.

"In fact we have not caused a single accident," said Svetlana. "We just stand at the side waiting for the motorists to stop... Sometimes tourists pull up and buy a vase for 100,000 roubles. But we can stand here from morning to night and go home without making a sale."

All over Russia, workers are being paid in kind and their standard of living very much depends on whether the goods their factories happen to pro-

duce are in demand or not. The workers of the Yaroslavl tyre plant are paid in tyres and have no problem as there is a lively market in car parts. Likewise Siberian workers paid in tampons always find willing buyers. But crystal is another matter. As Svetlana said: "You can live without it, can't you?"

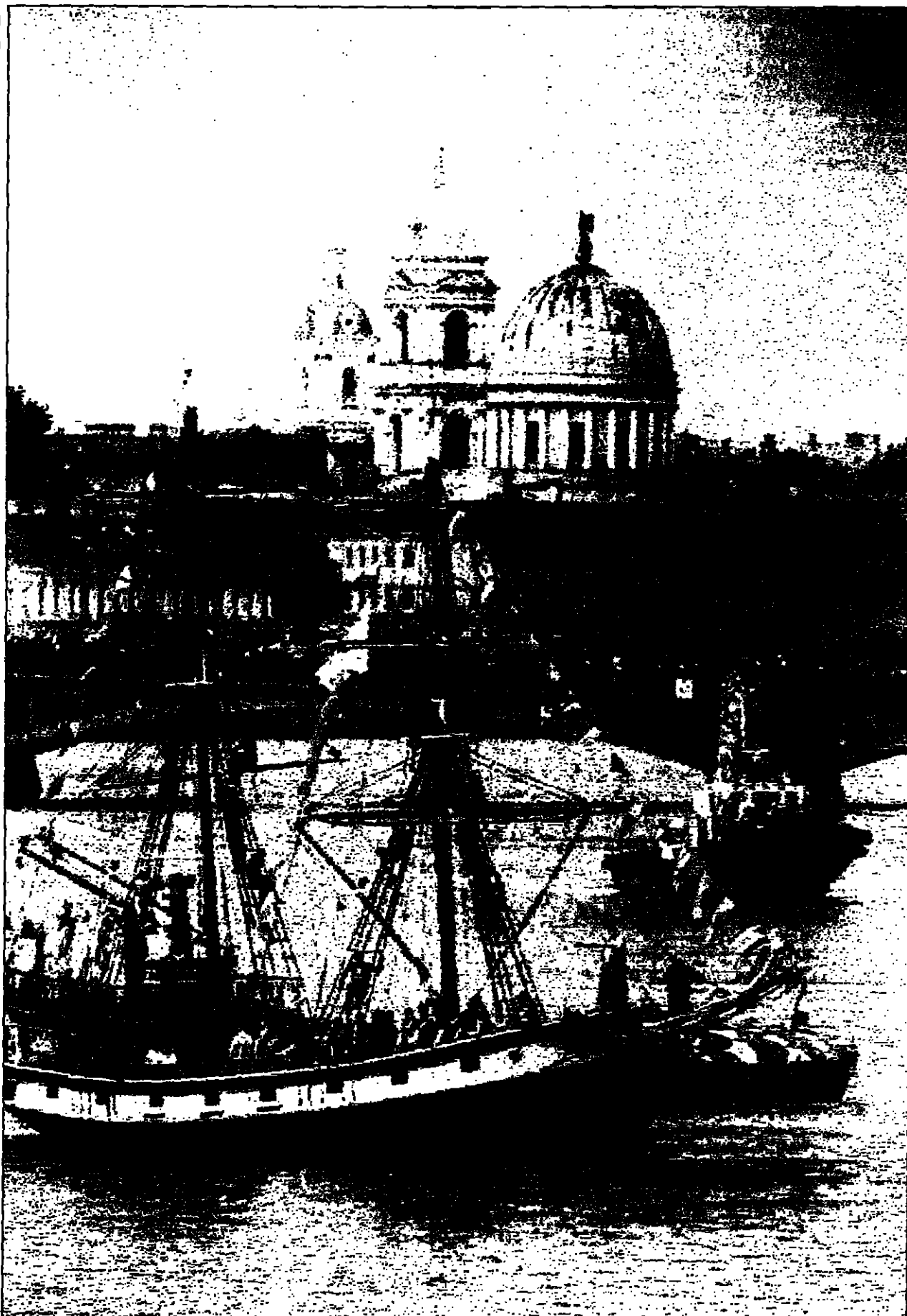
Svetlana is married to a man who also works at the glass factory. There are few other employment opportunities, and they have two teenage children to feed. "Can your readers in the West imagine what it would be like if they had not only to work but market whatever they made? In your case," she joked, "you'd be selling newspapers on the street."

In the run-up to the presidential elections last month, Boris Yeltsin promised he would make it a priority to pay workers who have been waiting months for their wages. Indeed, a special fund was made available to make payments to key factories and buy the votes of their workers.

But, after the election, it is clear the problem has not gone away. In the far eastern port of Vladivostok last week, miners threatened to commit suicide by throwing themselves down mineshafts if the government did not pay them. In the far east, corrupt local government officials are as much to blame as Moscow bureaucrats for the failure to deliver state money to those who have earned it.

Svetlana voted for Mr Yeltsin and, reluctantly, would do so again. "There's no alternative," she said.

Along with the crystal traders, the road to Valdai is lined with people selling berries, once picked as a hobby, now gathered by many to make ends meet. In the petrol stations, children of nine and ten work the petrol pumps for tips. In some families, these youngsters are the main breadwinners.



Voyage to the past: A replica of 'Peter's boat', the Russian navy's first ship, sailing along the River Neva, with St Petersburg's palaces providing a backdrop to the city's celebrations of the fleet's 300th anniversary

SIGNIFICANT SHORTS

The French Foreign Minister, Hervé de Charette, sets off on a two-day official visit to Algeria tomorrow, the first ministerial visit for three years and a tangible sign of improving relations between France and its former colony. Since President Chirac took office, relations have been complicated by the political situation in Algeria, the terrorist attacks in France last year instigated by Algerian Islamic fundamentalists, and recriminations over the Algerian presidential election last November, in which Algeria accused France of interference, and France questioned the democratic credentials of the favoured candidate and victor, Liamine Zeroual. With the terrorist cells in France apparently broken up, and Mr Zeroual in power, the most pressing issue now is the resumption of direct flights between Paris and Algiers. *Mary Dejevsky - Paris*

The President of Belarus, Alexander Lukashenko, has attacked his increasingly united opponents, pledging to ban rallies during the harvest, and to remain in office for two more terms. General Lukashenko, who has advocated a go-slow approach to market reforms and cracked down on dissent, told a televised meeting he would tolerate no attempt to remove him from office. "Everyone must work instead of organising campaigns to remove the President," he said. The general, who was elected two years ago, has tried to bring his country of 10 million people into a union with neighbouring Russia and signed a treaty with Russia last April pledging a "community" between the two states. *Reuter - Minsk*

Unknown assailants opened fire on a car carrying the Chechen rebel chief-of-staff Aslan Maskhadov in what was clearly an attempt to kill him, Interfax news agency said. The agency, quoting rebel sources, said that Mr Maskhadov escaped unhurt from the attack, which occurred outside a village in the south-east of the breakaway Russian region. One of his bodyguards was wounded. It was not clear from the report if the attack was carried out by Russian troops, pro-Moscow Chechens or by dissident units among the rebels themselves. *Reuter - Moscow*

The Australian roadworker serving a life sentence for murdering seven backpackers will appeal against his conviction, his solicitor said. Ivan Milat, who was convicted and sentenced on Saturday, has always proclaimed his innocence. Milat's victims included five backpackers from Britain and Germany, who were murdered in the Belanglo State Forest, 60 miles south-west of Sydney, between 1989 and 1992. *Reuter - Sydney*

Eighteen militant leftist prisoners were critically ill in Turkish hospitals following a two-month hunger strike that ended at the weekend, human rights workers said. Eleven hunger strikers died before the protest was called off on Saturday after the new Islamist-led government accepted some of the inmates' demands for better prison conditions. A twelfth protester died after the agreement was sealed. *Reuter - Ankara*

A 77-year-old Italian doctor, who lost his way on a mountain hike, was saved by the trail of sardine cans and sweet wrappers that he left for rescuers once he realised he was lost. Rescue workers, using the improvised trail, traced Giuseppe Guido Ippolito, a doctor from Rome on holiday in the Italian Alps, to an abandoned hay loft where he had taken shelter for the night. Dr Ippolito, in an interview with *Il Messaggero* newspaper, said he was usually critical of Italy's state services, but said the Alpine rescuers were "one of the few things... that work in Italy". *Reuter - Rome*

Hutus' rage grows against Burundi's new Tutsi ruler

Bujumbura — In Burundi's capital they are celebrating the new order heralded by a military coup last week. This is a Tutsi town, having been almost entirely "cleansed" of Hutus by the army last year.

Outside the city, however, a very different picture is emerging of life under the new President, Pierre Buyoya. It is not so much that things are better or worse in the war-torn central African country. It is more a question of business as usual — attacks by rebels among the Hutu majority against Tutsis and reprisals against Hutus by the Tutsi-led army.

There have been reports of more than 100 people killed near Gitega in central Burundi at the weekend, after troops

Far from heralding a new era of peace, last week's military coup looks likely to worsen the bloodshed, writes David Orr

moved in to quell unrest. Most of the dead are said to have been Hutus.

At about the same time last Thursday that the Defence Minister was telling the nation that the army was installing a new president to bring peace, a young man was being stabbed to death in the outskirts of the capital. As the military coup was unfolding in Bujumbura, soldiers were creating havoc in a community of Hutus just below the hills which dominate the city.

A grenade had been thrown earlier in the day, killing a Tutsi trader who was bringing beer to the market. The response was

brutal. Soldiers moved through the Muyaga neighbourhood, shooting the Hutu inhabitants. According to reports, up to 20 Hutu civilians were murdered.

"I was trying to get back to my home but the army had cut off my usual route so I took a detour through an area I normally wouldn't go to," said a Hutu school teacher.

"Our vehicle was stopped by troops. I looked out of the window and saw a youth being held down on the ground by his arms and legs. Young men from a Tutsi militia group were hacking at him with knives. Soldiers were standing by, looking on. I looked away and pretended I'd

seen nothing. We were allowed to go and drove away."

Yesterday I visited the community, where about 4,500 Hutus live in squalor at a camp known as the Johnson Centre. In recent days I have been turned back by the army as I have tried to visit areas where repressive army operations against Hutus have been reported by aid agencies.

As I moved through the market stalls, groups of Hutus stood about, looking tense. I had been told by a Hutu contact that the graves of the victims could be found a short distance away towards the Buhonga hills. But as I and my guide proceeded up

a path to the hills, we were surrounded by six heavily-armed soldiers who started berating the guide for having led me there. Then we were turned around and escorted back towards a military post.

"You must not go up there", the commander said. "It is too dangerous for you. You could be attacked by rebels. You may look around the market, but go no further."

Having left the soldiers, we found a group of Hutu men sitting in the shade of a tree. Soon a large crowd of people had assembled. They confirmed reports of military operations against Hutus in the nearby hills.

"I fled here for safety yesterday", said Berthe Barampansira, a middle-aged woman with closely-cropped hair. "The troops came onto our colline [hill], which is called Nyumbuye. They arrived early in the morning and started shooting. Nearly everyone on the colline ran away. I've heard there were many people shot. This happens all the time."

The woman said her husband and one of her children had been killed by soldiers when the army staged a failed coup in 1993. Like many Hutus, she saw the events of three years ago as the start of the army's drive to establish Tutsi dominance.

When asked about the coup which last week returned former President Pierre Buyoya to power, the group laughed bitterly. The new regime would not improve their lives, they said. They were Hutus and the Tutsis were dedicated to killing the majority of the population.

"They want to wipe us out so they can win when there are elections", one angry man said. "The new leaders might talk peace but nothing has changed. The army is in charge and will continue to make our lives a misery."

Our guide warned of an increasingly violent Hutu rebel response to the new regime. He

said the Hutus had been radicalised since the coup and that opposition to Mr Buyoya would harden in the coming months.

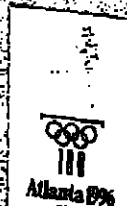
"There are many young men who have left this area to join the rebels", said the young professional, whose wife last year fled to neighbouring Zaire.

"I know of almost 40 students who have recently left for the bush. They are training in the hills around here. It's understandable that people feel angry when the army seizes power like this."

The military is keen to publicise attacks on Tutsi settlements, but keeps quiet about its brutal operations in the Hutu-dominated countryside. Under such conditions, it is hard to uncover the whole story.

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tests

Prostitution – a tricky street for the law to walk

Even if what he has to say about the legalisation of brothels was wrong-headed – and it was – the chief constable of West Yorkshire is right to be speaking out. The way the police are organised in England is, administratively speaking, a mess: they are neither an integral part of elected local government nor are they a direct responsibility of the Home Office. Yet as long as we have a system in which chief constables are allowed to respond to varying circumstances of their force areas, we need them to engage with issues on the basis of their particular experience. That is why Keith Hellawell is worth listening to.

The West Yorkshire force polices the cities of Leeds and Bradford, where prostitution is a big business. Mr Hellawell's call for legalisation of group prostitution carries the weight of experience. But is his remedy right for, say, a more rural area? Would the chief constable of Devon and Cornwall agree? The chief constable of Lancashire, Pauline Clare, does agree. We need such debate informed by local experience – such as that of Edinburgh and the Lothian police who, tacitly, have instituted a regime of licensing saunas and massage parlours, knowing they are used for prostitution. Circumstances and local opinion differ. Ultimately prostitution may be something best regulated locally, a matter for by-laws rather than the law.

Yet it is an issue which, like the consumption of drugs, regularly generates more heat than light, and produces severe cases of historical amnesia among those determined to weigh present-day habits in the scales and find them wanting. It is the kind of issue journalists need only wave within harping distance of the Tory backbenches in order to elicit a clear, vigorous and completely irrelevant response. Sir Ivan Lawrence, chairman of the House of Commons Home Affairs Committee – well, his name only has to be mentioned and readers can guess the rest: moral fabric ... wrack and ruin ... holding the line.

Prostitution poses problems, however, for prelapsarians, especially those who hold up Victorian society as a model of order and discipline. Historians estimate there was then a lot of it about, and not just in garrison towns. In the last century too, child prostitutes gathered in central London.

The fact of prostitution, which has existed in most urban societies, tells us little about the moral health of the nation. But it does pose local questions suitable not for moralising rhetoric but for the practical world of urban administration. There are three priorities here. One is to minimise the public nuisance that prostitution can become if it is concentrated in particular areas. Another is to minimise the elements of exploitation and criminality that

inevitably accompany the selling of sex. And so, the third is to establish an enforceable legal regime.

At present a prostitute working the streets is breaking the law. However, because most police forces – rightly – do not see the sex act as inherently criminal, not a lot is done by way of enforcement. She (we make the gender specific because that is how things are in most cities) tends to gravitate towards certain sections of the city and may, with her clients, start to cause a nuisance – sex leaves a litter, kerb-crawlers are a traffic hazard and may cause offence to women who happen

to live in the area. In Birmingham and Nottingham communities have felt themselves under assault.

If a prostitute works from a house or flat or other premises, the act becomes legal. But when she joins with others to work in the comparative safety of a brothel, that's illegal. Keith Hellawell says this logic is cock-eyed: he argues that prostitution is best regulated indoors, in brothels. He has both history and recent Scottish experience on his side. Closed or semi-open "houses" are an old element in urban life and if they worked in Elizabethan London and Jacobean Edinburgh, there is every

reason they ought to work nowadays. What Edinburgh District Council has done is in effect to establish such semi-open houses. We need more experience of them but we can, temporarily, conclude that the law's existing ambiguity allows a reasonable local solution to an age-old problem.

Many police forces have, in practice, gone far to decriminalise prostitution. But there are limits to this kind of turning a blind eye. Not all chief constables are cool rationalists: it is not that long since Manchester was policed by the zealous moralist, James Anderton. Some degree of consistency is needed, which is why – once there is a reliable body of practical experience such as Edinburgh's – this is a matter to be turned over to the Law Commission for speedy review. There is enough evidence from opinion polls that the public takes a healthy pragmatic view of the balance of interests here and would favour Mr Hellawell's approach. Some people will dislike Mr Hellawell's assumption that the demand for female prostitutes will continue at or above present levels. It may indeed be a sad commentary on the maladjustment of gender relations in general. But it is a valid assumption all the same.

The question is not whether we "approve" of prostitution or not. It is rather whether the ambiguous and confusing legal regime surrounding that disliked activity can be rationalised without appearing to condone or promote it. The law, at least in our kind of society, is not synonymous with morality – which very phrase begs the question whether there is a single, majoritarian attitude on anything. What the law has to do is penalise conduct which harms other people in obvious ways. To go much further is to run the risk of another kind of harm, which is as historically widespread as prostitution itself – oppression by an over-mighty state.

The litter's the thing

Trevor Nunn's outburst on the physical condition of the West End was well timed. His scathing remarks about litter on Shaftesbury Avenue coincide with the latest issue of the National Institute *Economic Review*. Not an obvious joint billing, you might say. But the *Review* is asking whether the Government's much-vaunted insistence on contracting out health and local authority services has actually saved anyone any money. Its answer is pretty much no. Meanwhile Westminster – Soho's local authority – has been one of the most passionate advocates of contracting-out. The result? Mr Nunn looks down and speaks out.

LETTERS TO THE EDITOR

Cutting legal fees will mean less justice

Sir: It is impossible not to sympathise with Michael Bolger, but I dispute the conclusions invited by Patricia Wynn Davies' article (26 July).

As a former solicitor, and now a practising barrister, I have had a wide experience of lay clients. One client would not accept the view of any expert, however able, unless it exactly coincided with her ideas of what was the cause of her husband's death. Another would not accept that his colostomy could not be blamed upon the solicitor and estate agent who had negligently handled his house sale. These, and many others, would all tell you, mistakenly, that the legal system for claiming compensation had let them down.

There are a vast number of people like this and most of them will be persuaded by the publicity surrounding Lord Woolf's initiative that, by waving a magic wand, the noble Lord will give them exactly what they want, when they want it. In other words, that a plaintiff will no longer have to go through the tedious process of proving his claim when the defendant disputes it, but that suddenly his path will be smoothed and in a brace of shakes, judgment will be given for him. They are in for a great disappointment.

Many cases take so long partly because the defendants do not always agree that they have been negligent and so on; partly because those who insure or employ defendants seek to avoid payment of damages; and partly because all those involved, one way or another, in the litigation process – doctors, lawyers, surveyors, actuaries, as well as lay witnesses – all have lives to lead and do not, or cannot, regard Plaintiff A as the only star in their firmament. And partly because (in legal aid cases) fees are low and the lawyer who has to make a living cannot give all his attention to one case. Cutting fees still further will mean less justice and a longer time to achieve it.

STANLEY BEST
Pinner
Middlesex

Market forces of prostitution

Sir: The proposal for the tolerance and licensing of brothels made by Keith Hellawell, Chief Constable of West Yorkshire ("Police chief says legalise brothels", 29 July) is wise, pragmatic and one which should achieve improved public health and safety for both clients and customers in the context of brothels. It should be supported. He is also correct in his contention that the law operates in a fog of differential discretion and double standards.

However, what is less certain is his assumption that licensed brothels will "get prostitutes off the streets". Brothels, albeit illegal, presently coexist with street prostitution and legalisation may not change the situation. The licensing of brothels, with perhaps a levy of taxation, will increase marginal costs, and the advantage of the street trade is that it is relatively cheap. Much is casual and driven by the economic circumstance of the prostitutes. Few pimps have the



'Now that it's legal I can't do it'

entrepreneurial skills to establish brothels. They are likely to continue to operate below the legal margin. Above all, the street trade offers the significant advantage to clients of greater anonymity. Brothels and street prostitution serve different markets.

It might be argued that the existence of legalised brothels will give the authorities power to force prostitutes off the streets – but existing legislation has failed to achieve that, despite heavy sanctions in some areas.

ALAN MARLOW
Department of Professional Social Studies
University of Luton

Vigorous role for Clare Short

Sir: The debate over Clare Short's appointment to the shadow overseas development portfolio (report, 26 July) overlooks the importance of the portfolio to both economic and social progress in the world and to Britain's standing in the international community.

Some may say that it is a backwater position and a "low key role". But that is at odds with the reality of the position. Overseas development is about issues such as the suffering of large scale refugee movements, the tragedy of the international drug trade, and the challenge presented by environmental deterioration in the world. If this is a "political cul de sac" it says more about the parochialism of Westminster politics than the issue itself. Indeed, the news of domestic shadow cabinet appointments has itself been overshadowed by the

human suffering and turmoil that is occurring in Burundi.

Ms Short, like her opposite number, Baroness Chalker, on the government benches, combines strong principles with pragmatism. A political duel between the two of them brings the prospect of restoring the vigour and vision to overseas development that the subject deserves.

DOMINIC BYRNE
Head of International Media Actionaid
London N19

Local democracy on the cheap

Sir: I was fascinated to learn from your feature of 23 July that the Labour-controlled Oxford City Council favours an elected mayor, as the matter has never been discussed.

In order to be effective, an elected political executive would have to work within a council that was both unitary and had a general power of competence. Rightly, no one will take on this level of responsibility if their decisions can be overturned by anonymous interference from outside the authority.

It also needs noting that the Lord Mayor of a city like Oxford holds a ceremonial rather than a political post. Not only do I believe that there would be strong objections to changing this, but the amount of time involved in both political leadership and ceremonial duties is such that the two posts could not be combined.

Finally it has to be said that the public generally get their local democracy on the cheap. In Oxford I would hazard the guess that it costs councillors real money, sometimes thousands in lost earnings, to be councillors. The days when councillors willingly do this, I suspect, are numbered. No one will become a full-time elected executive without a decent salary, and you cannot pay them whilst leaving the rest of the councillors to subsidise their public duties.

CLIF STAN TAYLOR
Leader
Oxford City Council

Fighters for Franco

Sir: Paul Vallely's essay on the Spanish Civil War and the International Brigade (22 July) dug up the same old figures of socialist Britons going to help their comrades in Spain. The poor versus the rest, not nearly as complex as Bosnia today. Yes it was. The poor socialists were also the Communist atheists and many Christians supported Franco against them. My father was around at the time and I remember asking him once whether he had known anyone who had gone to fight in Spain. "Yes," he said. "Two." "Gosh," I thought, "my dad actually knew two people who fought for the International Brigade." "Oh no," he said, "They fought for Franco." No war has completely right and wrong sides.

TIM EVERSON
New Malden, Surrey

Funding the UK transport system

Sir: Hayley North (Letters, 26 July) is right to be incensed at any request to contribute to the National Cycle Network when ample funds already exist in the form of Lottery money and the 74 per cent of every car tax disc which is never spent on roads or transport infrastructure.

This means that over £2 billion pounds of taxpayer's money is not being used for its proper purpose every year; this disgraceful abuse of public funds, which it is fair to describe as legalised misappropriation, has been going on since the Finance Act of 1937.

Had this not been the case we could have had the Cycle Network years ago. The idea is not new – cycleways were built alongside part of the A4 in the Thirties. Just think how many cyclists would still be alive had the network been started then.

The truth is that British governments have never spent enough on our transport systems; during the last three decades they grudgingly let a little of the Road Fund trickle out, enough to build our pitifully small motorway network and a very few of the by-passes desperately needed to bring peace and quiet to communities by diverting heavy traffic away from them, and now even that has all but dried up. We are told this is on environmental grounds, but anyone glibly enough to believe that probably believes in fairies.

R C O ROSE
Morfa Nefydd, Gwynedd

Army marches on its stomach

Sir: Even if some of the food aid now supplied to North Korea goes to those in its armed forces, why is this "diverted"? ("Suspicious N Koreans block UN food aid", 19 July), and why is it a matter for criticism?

Those currently serving in uniform are people like any others; they are not an elite caste; they have families; they are mobilised to do civil works; and they defend the realm (and no, they do not carry arms on the streets). Which responsible government would do differently? And if a state thanks donors for their aid but declines to prostrate itself before them, then three cheers for the state: why should those forced to accept charity also have their noses rubbed in it?

And as to the nonsense about North Korea being closed and xenophobic, all you have to do is go as a tourist (it's not difficult) to see how absurdly wide of the mark such clichés are.

ADRIAN BRIGGS
Senior Tutor
St Edmund Hall
Oxford

Proms for all

Sir: David Benedict ("The Week in Review", 27 July) says that David Muldowney's *Trombone Concerto* was "not, alas, one of the Proms to be televised. You had to be there." No, you didn't. All the Proms are on Radio 3, as usual.

LIZ MOLONEY
London SW16

Attack on Britten is sour grapes

Sir: I read with increasing disbelief and disgust the derision of Benjamin Britten by Malcolm Williamson ("Queen's musician in attack on Britten", 26 July). If they were with us today, the lives of many of the great composers and artists would fill the pages of the tabloids for weeks. It is for their work that great artists and musicians should surely be remembered, not their personal foibles.

It is a cliché that there is nothing so bitter as a family dispute, and in the family of music, Williamson is trying to denigrate a fellow composer whose music is internationally applauded and respected. My wife and I listen to music a great deal and have a lot of Britten. We have no Williamson and, off the top of my head, I cannot recall any that I'd want to possess. For Williamson to say that "Britten's music is ephemeral. It will not last" is really going out on a limb.

Academia, for in a sense that is where the life and work of great musicians and artists is placed, is renowned for its sour grapes. The artist Augustus John's work has superbly surmounted his most torrid sex life and I've little doubt that Britten's will do the same. I do not see posterity in the Master of the Queen's Music. To borrow Shakespeare, "My lords, he doth protest too much".

LORD BROADBRIDGE
House of Lords
London SW1

Sir: What a joy to read Malcolm Williamson's comments on Benjamin Britten. He is right to claim that most of Britten's music will not stand the test of time. The truth is that the handful of top-class pieces such as *Peter Grimes* and the *Sinfonia da Requiem* are sadly outnumbered by shoddy third-rate efforts such as *The Prodigal Son*, the *War Requiem*, the *Cello Symphony*, the *Prelude and Fugue for 18 strings* and worst of all, *Young Apollo*.

As for Benjamin Britten the man, what can one say about a man who once said, "The rot set in with Beethoven?"

MAURICE DAVIES
Scunthorpe, North Lincolnshire

Sir: Concerning the controversy surrounding the erection of a statue to Baron Britten of Aldeburgh, I note that the citizens of that town were happy to immortalise Snooks, the dog owned by Drs Robin and Nora Acheson, who died in 1959 and 1981. A statue of the little dog has recently been erected on the front at Aldeburgh as a memorial to this couple. The medical profession must take heart that their work is not considered to be "ephemeral".

MADELINE HEANEY
Northampton

The wrong stuff

Sir: Perhaps the speed bug has bitten Jonathan Glancey. In his article on Richard Noble and Andy Green's upcoming attempt on the world land speed record ("The fastest men on Earth", 26 July) he refers to "Edwards Air Base, Texas".

As every reader of *The Right Stuff* knows, Edwards Air Force Base is actually in the Mojave Desert, which is in southern California.

MATTHEW NEWNHAM
Edinburgh

analysis

The Turkish question

The hunger strikers have had European support, but Turkey needs understanding too, says Tony Barber

Taking a swipe at Turkey's human rights record has long been the favourite occupation of a certain type of Western politician and pressure group. Murder, torture, denial of freedom of speech, discrimination against minorities: the allegations pile up so thick and fast that a visitor from Mars might wonder why Turkey has not yet been banished to the same netherworld of pariah states as Iraq or North Korea.

As the death toll rose last week in Turkey's mass prison hunger strike, off went the politicians and pressure groups again. Most European Union governments (with the interesting exception of Britain, of which more below) were quick to point the finger of blame at the Turkish authorities and to demand urgent improvements in the conditions of the prisoners' confinement.

Some of this criticism was fair, but much of it was misplaced. It would be more rewarding, though undoubtedly less fashionable, to make an effort at understanding the challenges facing Turkey, a rapidly modernising country that is uneasily poised on the dividing lines between Europe and the Middle East, Christianity and Islam, the Western and non-Western worlds.

That in turn might enable Europeans, including the thousands of British tourists now on holiday in Turkey, to make up their minds about what sort of Turkey we can expect to see in the future and what sort of relationship we should have with the Turks. Turkey is developing too fast, its strategic position is too important and its role as a standard-bearer for secular democracy in an Islamic society is too valuable for these questions to be put off any longer.

First, that hunger strike. It started two months ago, involved about 300 prisoners in jails scattered across Turkey, and ended last Sunday with 12 inmates dead and 18 others in critical condition. Clearly, it was no trivial matter, yet unfortunately the manner in which it was presented to television audiences and newspaper readers in Europe tended to distort the issues involved.

Most news organisations, searching for a simple label to categorise the prisoners, took to calling them "leftists". So some of them were, in a sense — the same sense in which Mar-

tin Bormann and Heinrich Himmler were "rightists". It is open to doubt whether the prisoners themselves would be happy with their media tag. Some would certainly regard it as an insult to be called mere leftists, in the same way that Josef Stalin would have flown into a rage if anyone had dared suggest he was a social democrat of the bourgeois variety.

Most hard-core hunger strikers came from Turkey's relatively young but rich and intermingled traditions of revolutionary terrorism and political extremism. Some protesters had been convicted of murder and bombings, and the majority belonged to groups with names such as the Turkish Revolutionary Communist Union and the Revolutionary People's Liberation Party Front.

This is not left-wing politics of a kind that Tony Blair or even Tony Benn would attach his name to. If it is left-wing politics driven by an urge to kill. For these groups openly embrace "armed propaganda", the euphemism for terrorist attacks on politicians, judges, policemen, businessmen and anyone else deemed to symbolise Turkey's power structures. They have nothing but contempt for free elections and civilised political debate, and their purpose in life consists of instilling maximum fear and disorder in Turkish society.

"Leftist" urban terrorists have been active in Turkey since 1970 and, together with their extreme right-wing opposite numbers and the heavy-handedness of the state, they were largely responsible for the climate of violence and chaos that caused the armed forces to launch a *coup d'état* in 1980. These days the political influence of the revolutionaries is minimal, and one explanation for the co-ordinated hunger strike is that the prisoners needed publicity and hoped to provoke the Turkish authorities into rash measures of repression.

None of this is to suggest that prison conditions in Turkey are particularly good, or that recent Turkish governments have had a clean record as far as concerns human rights in general. Conditions in some Turkish prisons can be very grim. Eskişehir prison in western Turkey, the institution at the



The burial in Istanbul of Osman Aygun, one of 12 hunger strikers who died in a protest against prison conditions

Photograph: AP/Burhan Ozbilici

centre of the dispute that gave rise to the hunger strike, is known to its inmates as "the coffin" on account of its cramped one-man cells. The government rejected the protesters' demand for its closure, but ended the hunger strike by agreeing to move about 100 prisoners to Istanbul.

The government also did the right thing by agreeing to improve medical care for prisoners and end the practice of holding them in jails in remote Turkish provinces, thereby restricting access to lawyers and families. No doubt the Islamist-led government of Necmettin Erbakan, the new Prime Minister, could and should have introduced these reforms earlier, helping to save lives. However, the hunger strike was a problem that Mr Erbakan inherited from the previous government of Mesut Yılmaz. It gathered pace at a time when political tensions

were running high in Turkey, for the country was about to entrust its fortunes to an Islamist political party for the first time since Kemal Atatürk established the secular republic in 1923.

The hunger strike seemed a sideshow compared with the high drama taking place on the national political stage. Once Mr Erbakan was installed in power, the imprisoned extremists redoubled their resolve to fast to the terrible end as a way of undermining the new government's authority and maximising the damage to Turkey's democratic institutions.

None of these considerations prevented the European Commission, the Socialist group in the European Parliament and the governments of France, Germany and Italy from making public demands last week for the Turkish government to make concessions to the hunger strikers. It was noticeable, however, that the US and British governments took a much more restrained approach.

Their caution was prompted partly by the impending vote in the Turkish parliament on whether to extend Operation Provide Comfort, the US-led mission in which US, British and French aircraft use an air base in southern Turkey to protect Kurds in northern Iraq. The vote is due today and is expected to be close, and the US and British governments were keen not to risk alienating Turkish parliamentary opinion by complaining about prison conditions.

This example illustrates how, like it or not, Turkey occupies

too important a place in the geopolitical scheme of things for the West to make human rights the sole yardstick of its relationship with Turkey. As it happens, most Western governments consider that Turkey's human rights record has improved substantially since this time last year, partly in response to EU prodding designed to ensure that the European Parliament would approve a landmark EU-Turkish customs union.

The union gives Turkey the closest possible relationship with the EU short of full membership, and in time it should bring real benefits to the Turkish economy. However, it is not surprising that the Turks do not feel that they have been genu-

inely welcomed into Europe, since Greece has been blocking EU funds for Turkey ever since the customs union came into effect in January. It is common to hear Turks point out that it is difficult for Western Europeans to understand just what it is like to live in a country that has so many hostile, radical or unstable neighbours. Greece, its traditional enemy, is right on its Aegean coast; Russia lies across the Black Sea; to the north-east is the turbulent Transcaucasus; and to the east and south lie Iran, Iraq and Syria.

Naturally, this does not excuse bad prison conditions inside Turkey, let alone the crude methods that the army and security forces have used in an attempt to extinguish the 12-year-old Kurdish insurgency in

the south-east. However, it accounts for a certain hunger for internal order and sensitivity to foreign criticism on the part of the political elite that Western Europeans need to understand better.

A flourishing European-Turkish relationship is important not least because, if the EU can show that it genuinely wants to extend the benefits of prosperity and partnership to a democratic, non-Christian country, then the positive impact on the Middle East and northern Africa could be considerable. Europe's stability could be extended southwards to an area stretching from Algeria to Israel that is plagued by religious radicalism and social upheaval.

Conversely, if the impression arose that the EU regarded

Turkey as a fundamentally different type of society and state, worthy of friendship but not of an especially warm relationship, then the chances are that suspicions and misunderstandings will continue to dog Europe's relations with its southern and eastern neighbours.

It is important in this context that EU countries should take care not to give an impression of being worried about the Islamist component in Turkey's government. Mr Erbakan's Welfare Party has achieved power for one simple reason: it won the largest share of the vote in Turkey's general election last December.

The Welfare Party has not abused the rules of democracy, but played within them and won. It offers proof, if proof were needed, that there need be no conflict between an Islam-based political philosophy and Western-style democracy.

To forge a special European relationship with Turkey does not mean that governments should turn a blind eye to human rights issues, nor could it do given the prominent role of private Western human rights organisations in shaping public perceptions of Turkey. With regard to the Kurdish war, probably the major blot on Turkey's record, European governments should try to persuade Turkey to see the matter as something more complicated than a security and terrorism problem.

But all efforts along these lines will bear little fruit unless Europeans get used to the idea of treating Turkey as a friend and equal partner. There has been some progress in recent years, but not enough.



Altan Berdan Keringiller during his hunger strike: he died last week

AP/Hurriyet

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One way to unite the Welsh: insult them

Years and years ago I wrote a piece for a magazine called *Ms London* in which I collected together every stereotypical anti-Scottish prejudice known to man and produced a lopsided picture of the Scots which was intended to be not anti-Scottish but a caricature of prejudice, even down to the accusations of drunkenness and meanness.

Somewhat to my surprise, this was furiously reprinted by the organ of the Scottish National Party in. I think, Edinburgh, as an example of typical English thinking. This is what the English think of us! No wonder we're up in arms! etc. etc.

I wrote a letter to the organ of the Scottish National Party saying that, to my surprise, one of the myths about the Scots had turned out to be true. They were mean. They had reprinted the work of an English writer without paying him for it. I therefore enclosed a small invoice, and I hope they would pay it to prove that the

Scots are not, in fact, stingy and mean. I have not yet, 10 or more years later, received payment from the SNP. Either their accounts department is very slow or there is some truth in the rumour.)

So I know roughly how AN Wilson must have felt when he was publicly attacked as a racist by the Welsh Academy, who demanded that he be thrown off the Booker Prize panel as penalty for things he had said about the Welsh in the past. As nobody had any idea that AN Wilson had ever said anything about the Welsh — indeed, nobody knew that AN Wilson had ever given any sign he knew that Wales existed, in the same way that I had no idea that there was such a thing as a Welsh Academy — the Welsh Academy obligingly quoted at length the wicked words of Wilson on the Welsh. They were so enjoyable that I would like to quote a few of them too.

"The Welsh have never made any significant contribution to any branch of



Miles Kingston

knowledge, culture or entertainment... They have no architecture, no gastronomic tradition and, since the Middle Ages, no literature worthy of the name."

There seems to me to be enough truth in this to make it painful for any Welsh person to contemplate. One could add to it. One could say that the Welsh pride themselves on their intense musicality, even though it seems to amount to little more than being able to gather in large numbers and sing music written by foreigners. One could say that their musical sense is only there to compensate for their lack of

visual sense and that Wales is, by nature, a magnificent country which has been diminished by almost everything that man has added to the landscape.

The one thing achieved by a cheeky bit of polemic like Wilson's is that it manages to unite the Welsh in a way that nothing else could. I can remember from my childhood in Wales, and I am often told by those who have worked with the Welsh, that the manner in which they scheme, and stab each other in the back, and engage in tribal vendettas, and engage in local corruption where necessary, and squabble generally, is wonderful to behold — certainly, the way in which the north and south of Wales are divided against each other seems to be far fiercer than in Scotland or England (though not, perhaps, Ireland).

Only an attack like Wilson's can momentarily unite the Welsh, even though it was written in idle mischief.

Or was it? Maybe there is another explanation. How

about this for a scenario? Maybe AN Wilson, having agreed in a weak moment to be a Booker judge, has been trying to think of ways to get off the panel. Maybe he has good reason to be fearful. In the wake of Roddy Doyle, there will be floods of inferior Irish novels. In the wake of James Kelman and Denton Welch, there will be floods of unreadable Scottish novels. There won't be any Welsh novels, because poor old Wales has failed to catch up with Ireland and Scotland in the fiction field, but even so there will be a pile of horrible reading to do, quite apart from the normal English rubbish. Maybe if he could resign after being accused of some heinously politically incorrect deed...

So Wilson invents the Welsh Academy, a body not previously heard of, and through this creation accuses himself of racism, thus giving himself a good excuse to resign. Yes, I think that must be the answer.

الاعلام

the commentators

Blair's leftist rebels are out on a limb

The Labour leader is capable of absorbing dissent, but he has the party with him and his patience is limited

Ken Vincent, trade union official and chairman of the Grimsby Constituency Labour Party, isn't a household name. A short interview he gave to BBC Radio's *World This Weekend* on Sunday went unnoticed in the sound and fury of the Labour leadership's latest show-down with Ken Livingstone and Diane Abbott over their public accusations that the leadership rigged the Shadow Cabinet elections. But it probably does rather more to illuminate a still counter-intuitive truth about the Labour Party's transformation.

Vincent said he was broadly in favour of a single currency, and while he respected the sincerity of the Euro-sceptic views of his local MP, Austin Mitchell, he would certainly ask him to reconsider if he planned to vote against the policy of a Labour government on the issue. So he didn't want Mitchell to turn into the Bill Cash of a Labour administration? "No," said Vincent. "I wouldn't at all. The next Labour government has to build itself on teamwork and not individualism."

Vincent is only one of 635 party chairmen, Mitchell only one of 272 Labour MPs (and incidentally one of the most cogent protagonists of an alternative Labour eco-

nomic and European strategy). But the exchange illustrates the extent to which it is the parliamentary party, of all the branches of Labour, which has proved most resistant to the Blairite transformation. And it cuts with spectacular symbolism across the classic Seventies and Eighties model of the relationship between MP and his local constituency: Right-winger Under Reselection Threat from Loony Left-wing Party. Instead, at least in Grimsby, we have the once unthinkable prospect of Anti-EU MP Under Pressure from Pro-Single Currency Party Activists.

This is a potent reminder of the changed background against which Blair has now found himself at odds with two or three of his most unswerving MPs on the hard left of the party. Those of his predecessors who became Prime Minister were elected to the party leadership solely by the Parliamentary Labour Party. By contrast, he was elected by all three sections of an electoral college – a system, paradoxically, which was forced on the party by the Bennite left in the Eighties. It is a safe bet that, despite all the tensions which have been exposed over the past week, Blair would be overwhelmingly re-elected as leader if there was a vote only of



DONALD MACINTYRE

MPs today. But he also enjoys a mandate that goes much wider than, and is therefore not solely in the gift of, the PLP.

This doesn't mean for a moment that MPs don't matter. Conservative constituency parties are a good deal more steadfast in their loyalty to the leader than Tory MPs. But that hasn't stopped John Major from being chronically tormented by MPs, often in defiance of their constituency chairmen.

It is not too fanciful to say that this is part of the problem for Labour. A decade or more ago, a Labour leader could – and sometimes did – appeal to his party to follow the example of the party's main political opponents by showing their discipline and unity. Blair would rightly get a pretty

hollow laugh if he were to try that tack at a meeting of the PLP today.

Nevertheless, given his own impregnability, shouldn't Blair relax about the odd disloyalty from a small and vociferous band of MPs? Only up to a point. John Currie, the Strathclyde University pollster, argued in the *Independent on Sunday* this month that only by exposing himself as divided can Labour now lose the election. It is the Tories, rather than Labour, who are now seen as extreme and out of touch with the electors. Currie's inference was that Blair therefore "no longer needs to take the risk" of further alienating his party and should concentrate on "party management" to ensure unity.

It is safe to assume that Blair agrees that divisions are the biggest threat to a Labour victory, but not with Currie's seductive conclusion. He is capable of the odd touch of Wilsonian party management. Along with several frontbenchers, including the able Ian McCartney, a close ally of John Prescott, Blair will today promote Peter Hain. Given that he publicly called on Hain less than two years ago to "grow up", this attests to his ability to absorb and convert dissent. And he would not be well advised to conduct some vendetta against those on the left, such

as Tony Banks, Chris Mullin or Dennis Skinner, to pick three at random, who still spend conspicuously more time attacking Tories than criticising the leadership.

But it looks as though Livingstone and Abbott fall into a different category. Livingstone, fresh from attacking the leadership in the *Tory* tabloids, had a bad day yesterday. Irene Adams, the Scottish Labour MP named by Livingstone as having been pressured not to stand for the Shadow Cabinet, denied the charge persuasively. It was no secret that the Labour leader didn't want a contest for the Shadow Cabinet elections. But there is irresistible contemporary evidence that runners-up in last year's elections, like Alistair Darling and Brian Wilson, decided off their own bat not to stand weeks, if not months ago. And some MPs – including Banks – did stand without having any bones broken. Livingstone could, of course, have done the same.

There is no imminent threat to remove the whip from either Livingstone or Abbott – a draconian measure which would deprive them of their right to stand as official candidates. But I have the strong impression that Blair's patience with them is running out.

A short history of brief time

Our children won't thank us for splitting the second, says Charles Arthur

Split seconds seem to matter a lot these days. To Linford Christie – ejected from the Olympic 100m final for starting 14 thousandths of a second too soon – waiting for a few more would have been very useful. But what use are split seconds to the rest of us? You might think there's not much real use for them, even though we worked out how to split the second long before we could do the same to the atom, and only a little after grammarians managed the same with the infinitive. The first watch was built in 1502, but only had one hand; timepieces able to accurately measure seconds only appeared after the Industrial Revolution. Nowadays, though, you only have to look around a bit to find that our daily lives are strewn with the twitching remnants of time's basic unit.

For example, in a second, any TV screen is refreshed 25 times, a film shows 24 frames, ABS brakes apply and release force hundreds of times, and a *Tory* backbencher (or a Labour frontbencher) can weigh the arguments for and against awarding himself a 26 per cent pay rise while condemning the Tube drivers for striking.

But you really want to get small? People boasting of their computer's prowess will tell you that its central chip runs at so many megahertz. Each of those is a millionth of a second: so a computer chip running at 100 MHz does something (probably not a very useful something, but there you are) every 10 billionths of a second. Watches keep time to precisions of a second or so in years; digital versions often offer stopwatches that count hundredths of a second – so useful for proud parents on school sports day.

Yet while athletics has gradually been adding new levels of refinement to its timing – replacing men in maces braced by the trackside with stopwatches with sophisticated photo-finish systems capable of splitting thousandths of a second, scientists have been delving even deeper into the second. In 1967 this was defined as the time corresponding to 1,192,631,770 vibrations of a caesium atom: Linford should have hung around another 16,696,845 vibrations or so. Presently scientists are exploring events that take "femtoseconds" (million millionths of a second), such as various atomic reactions.

So, as the rest of the world follows the precision that science introduces, which will be the first Olympics to introduce timing accurate to millionths of a second? Surely our successors will curse us for not being bothered to measure those tiny little bits of time – the ones that, to them, will mean all the difference between a gold medal and fourth place. And as for false starts: if Linford Christie felt hard done by, imagine how an Olympic competitor in 2056 will feel on being disqualified for starting .000001 of a second too soon.

Scots have a surprise for you

England has taken union with Scotland for granted, but soon it is in for a shock, says Ian Hamilton

If you English knew as much about us Scots as we Scots know about you English, I should never have to write these words, but you are shockingly ignorant down there. Up here we read your newspapers, including this one. Frankly we don't think much of them. You call these papers "national dailies". Daily they may be, but national they are not. Indeed, every major English newspaper is so parochial it reads like the London edition of the *Oban Times*. Except that the *Oban Times* is better written.

This state of affairs wouldn't matter much if it were not for the profound changes that are about to take place in the structure of the United Kingdom, of which Scotland and England are the two equal founding partners.

One of two things will happen at the next election. They are both Scottish and both will profoundly affect England. The first concerns the break-up of the Tory party in Scotland as a social force. Only a few grafters, hoping to be appointed to quangos at local level, now admit to being conservatives. This is not quite true. There are still a broken beaten few of the old Macmillanite type whom we can still respect, but Tory thinking no longer counts in Scotland. It is so hated that if the Conservatives win the election in England there will be a massive defection from Labour to the Scottish National Party, as Labour becomes the party that yet again ties us to a detested Tory England. Does no one tell you how much we hate the Tories? Or do you really think that the return of that old relic, the Stone of Scone, will win a vote? I may have helped to steal that old stone in my younger days, but it was never meant to be used as a voting gimmick. We're all daft up here, but not as daft as that.

But what if Labour wins the election? Do you know that six years ago a great majority of Scottish MPs, including nearly all the Labour MPs, signed a Claim of Right solemnly asserting that Scottish sovereignty lay not at Westminster but with the Scottish people? So much hot air, you say. Sovereignty is one and indivisible and lies at Westminster. Didn't Enoch Powell say that power devolved is power retained?

Where's Enoch Powell now? And sovereignty is whatever you think it is. Tony Blair has guaranteed that in his first year of office he will legislate to create a Scottish Parliament. Remember the weight of the Scottish vote at West-

minster. Blair cannot govern England without it. And looking over the shoulder of every Labour member in Scotland is the wild, white face of an SNP supplanter. The first year of the next Parliament will be taken up entirely with Scottish constitutional business.

Nor is this all, because nothing is simple in Scottish politics. Hedging his bets, or as some would say, having painted himself into a corner, Blair has now announced that there will be a plebiscite in Scotland on the nature of this new relationship within the Union. There is only one main constitutional snag to this consultation. You English are not to be allowed to vote.

The Scottish Parliament is not another level of local government. If that were so, no referendum would be necessary. What has been promised, and what is insisted on in the Claim of Right, is a Parliament with full legislative and sovereign authority in Scottish affairs, including powers of taxation. We know in advance the result of this direct appeal to the Scottish people. We want our Parliament and we will get it. What we don't know is England's attitude when it suddenly dawns on you that a referendum is to be held on the very nature of the Union you have taken for granted for so long, one in which you are not allowed to cast a vote.

You may shrug and say that it is Scottish business and does not concern you. You are wrong.

I say frankly that many of us wish to break completely with England so that our country can go directly to Europe, as the Republic of Ireland has done with such great success. If the plebiscite were to consult the Scottish people on its undoubted right to secede, then indeed it would be Scottish business alone. We would not permit you to participate. We would not even trust you to count the votes. But this is different. This is about the Union, and so long as we are partners the well-being of one is the well-being of the other.

Within two years of your reading what I write there will be a Scottish Parliament sitting in Edinburgh. Its full sovereign legislative authority will put us in direct competition with the rest of the UK in the markets of the world, and this is only a beginning. For the first time in 300 years Scotland will have its own voice. Have you ever known a Scot who couldn't shout louder than an Englishman? Just watch out for all these special privileges that you take for granted,



Ian Hamilton (centre) with co-protesters after they stole the Stone of Scone in 1951. Hamilton, now a QC (left), warns that England will have no vote in a referendum that will directly affect its future

like the £55m of lottery money for your opera house, like charging the cost of the Thames Barrier up to UK expenditure without asking us, although if you had bothered to ask, you might have found us on the side of the high tides. My heart bleeds tartan tears when I think of the wailing to come. The provinces will be worse. But they are provinces and we are a nation. And they are disorganised and we have been organising for years and years.

These are the issues that are suddenly going to confront you, and you are not even to be allowed to vote on them in our plebiscite. What a pity that England cannot raise its eyes above the latest happening somewhere east of Devon and south of Watford Gap.

Let the disabled join the freak show

Nick Walker, who has multiple sclerosis, argues against a Paralympic Games fenced off from the main event

The Olympic Games are an exhibition of freaks, a celebration of extremes – extreme strength, extreme determination, extreme power, and extremely good genetic luck. Extremes are lonely places. From ability at one end to disability at the other.

I have been watching this week's Olympics in Atlanta with a mixture of awe and envy. I was never an athlete, but scars on my spinal cord and the base of my brain mean I can no longer run. I was diagnosed with multiple sclerosis last year. Occasionally, my balance is so poor and my legs so weak that the only way I can get around is with a stick. The high jump? A moderate skip would be a personal best.

But I have been told, I can take comfort. I can draw inspiration. The disabled have their place, or to be more precise, their time. Just as there are separate competitions for the over-40s, the under-19s and the Commonwealth, there is a "parallel" Olympic event for the disabled. From the middle of August, in the same shebang, more than 4,000 athletes from 120 countries are expected to take part in the 10-day Paralympic Games.

Disabled sport is riddled with dilemmas. There is the difficulty of classi-

fying disability. To create fair competition, it is thought best to separate competitors into categories – athletes with spinal damage, amputees, the visually impaired, those with cerebral palsy, those with learning disabilities, and "les autres" whose disability cannot be easily categorised. Then there is the question of whether to include able-bodied athletes and athletes with learning disabilities. Also, there is the problem of drugs.

The Sports Council expressed its concern a year ago about the scandal of "boosting", in which athletes with spinal injuries were said to force up their blood pressure and improve performance by deliberately injuring the damaged parts of their bodies.

These dilemmas are distracting. There is only one question to be addressed, and then the others, although not necessarily resolved, fall into perspective.

The separation of the Paralympics from the Olympics diminishes both events. It is a distinction that fails to recognise the nature of physical achievement, and by extension the nature of physical achievement.

When walking to the shops can demand rein-popping willpower and concentration, it becomes very clear

that any physical achievement is defined not only by ability (or disability) but by what we ask of it. It is the same for athletic achievement. Walking To The Next Lamppost might not make it as an athletic sport (and I don't think, despite numerous personal triumphs, that I would make the

Walking To The Next Lamppost might not make it as an athletic sport, but why shouldn't there be a 400m wheelchair race?

British team), but why shouldn't there be a 400m wheelchair race? It is not a "disabled sport", it is simply a sport which allows the disabled to demonstrate athletic ability easily worthy of the Olympics. Surely the Olympics should focus on what marks out the athlete: remarkable strength, power or stamina?

Physical achievement is a lonely

business. Whether it is swimming 100m faster than anyone else or overcoming pain and walking to the shops – with those legs, negotiating those stairs and that high kerb by the post-box – in only four minutes and 23 seconds. Now, that's a record. It may not be an Olympic record, it may not be an athletic achievement, but it does show that physical achievement is defined only by the parameters we set.

Ooh, so you can run really fast and jump in that itchy little sandpit after three hops. (Why three? Why not four? Let's see what happens to our triple jumpers in the quadruple jump.) I mean, how pointless. Call that a challenge? If you are 7ft tall, a career in high jumping is the easy way out. Losing your legs, your sight, your job: now, there's a challenge!

Disabled athletes are not a distinctive type of competitor requiring separate games. The events in which disabled athletes excel may be different, but their status as Olympian standard athletes has to be the same. What if the wheelchair race was won by an able-bodied athlete? Surely, that's why it's called competition. The disabled are not a distinct category like the over-40s. Losing a leg or being diagnosed with MS is not equivalent to being a Com-

monwealth citizen, or turning 40. Disability is not a status, it's a physical fact. Being a 7ft high jumper is not the same as being French.

To argue for integration on some "good-as-you-ticket" misses the point. Two years ago, when Arthur Tunstall, the Australian vice-president of the Commonwealth Games Federation, used the word "embarrassing" to describe the inclusion of wheelchair racing, swimming and bowls in the 1994 Commonwealth Games, one newspaper took issue with Tunstall's choice of words, but not his principles. The disabled should be fenced off, it argued: "Sport, at the level of international competition, is a particular species of activity that is by definition abnormal."

Quite. Disability exposes the true nature of physical achievement, even at the level of Olympic success. At one point, the International Olympic Committee mooted the inclusion of up to nine full medal sports that would allow disabled athletes to compete in this year's Olympics. Plans were shelved because of "publicity and numbers".

The IOC should acknowledge the full range and true nature of athletic achievement and show the Games for the extraordinary, exhilarating international freak show that they are.

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BUSINESS NEWS DESK: tel 0171-293 2636 fax 0171-293 2098

DTI set to give green light to Bass deal

TOM STEVENSON
City Editor

Bass has persuaded the Government to wave through its proposed acquisition of Carlsberg-Tetley with far less onerous conditions attached than had been previously thought. Details of a deal which will catapult Bass into pole position in UK brewing are expected to emerge later this week or early next.

Bass yesterday confirmed the City's worst-kept secret, admitting that it was in negotiations with Allied Domecq to buy its half share in the brewing venture with Denmark's Carlsberg. It is expected to pay about £200m to take Allied out of brewing and to offer Carlsberg a minority stake in its brewing arm in exchange for the Danish company's 50 per cent share.

Several factors are thought to have persuaded the President of

the Board of Trade, Ian Lang, to look favourably on the proposed tie-up. Bass is understood to have given undertakings on brewery closures and market share, and to have persuaded the government that the deal could increase competition and strengthen the company's hand in overseas markets.

Analysts had expected at least one closure among the combined group's 14 breweries, in addition to the Carlsberg-Tetley site at Warrington which has already been earmarked for closure in October.

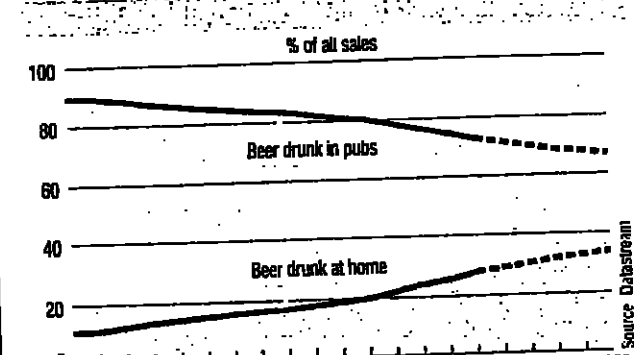
It emerged yesterday, however, that capacity constraints at Bass, which contracts out some of its current production to third-party brewers including Vaux, Greene King and Marston's because it cannot meet demand, could mean no more sites need to be shut.

Although the logic of the merger is still driven by cost-



Sir Ian Prosser: Bass chief admitted to talks yesterday

cutting in response to industry trends which have seen on-trade beer volumes fall rapidly in recent years, it is expected that the bulk of savings will come from shedding jobs in the combined group's distribution network and from better buying power in packaging, one of



the largest variable costs in beer production.

Combining Bass with Carlsberg-Tetley will mean the group leapfrogs Scottish Courage to become the country's largest brewing group, but it is thought estimates of market share of up to 40 per cent are too high.

Thanks to the acquisition by Whitbread of Labatt's UK brewing arm, the combined share after any deal might only be 35 per cent compared to Scottish's 31 per cent, possibly low enough to avoid a monopolies reference. Whitbread, the only other sizeable player and

a strong competitor in the fast-growing take-home market, has just 14 per cent.

Other key elements in Bass's pitch to the competition authorities appear to include the extent to which an end to the supply agreement between Carlsberg-Tetley and Allied Domecq's 4,000 strong pub chain no later than the end of 1997 will actually create a more competitive market. Bass expects a sharp deterioration in the terms of any new contract with Allied's pubs, confirming its claim that there has been a power shift in the beer market from suppliers to purchasers.

Bass is also understood to have indicated that despite heavy duplication between the two portfolios, pitching Carlsberg lager against Carling Black Label and Special Brew against Tennent's Super, it is unlikely that any brands will be ditched immediately, although some

may be sold if required by the OFT.

Finally, the company is thought to have demonstrated that creating a stable market at home would be conducive to an accelerated push by British brewers in overseas markets, such as China and Eastern Europe, where there is scope for considerable growth. Bass yesterday said it had taken a 20 per cent stake in Czech brewer Pivovar Radegast, one of the country's four largest brewers. It already holds 46 per cent in Prague Breweries and stakes in two smaller Czech brewers.

Speculation has focused on the pubs that Bass might need to dispose of as a quid pro quo for increasing its market share from its 34 per cent. Analysts have said the terms of the recent takeover by Scottish & Newcastle of Courage might mean Bass shedding up to 1,000 pubs, almost one-fifth of its estate.

P-reg car sales gear for record 1989 level

CHRIS GODSMARK
Business Correspondent

Sales of "P" registration cars this August could break through the half a million barrier for the first time since 1989, the dealers' association forecast yesterday. The National Franchised Dealers Association originally predicted sales of 475,000 cars in this year's bonanza, representing a small improvement on 1995, but is now expecting a much bigger increase.

Alan Fulham, the association's director, said: "The forecast is based on improving consumer confidence. We've got a feel-better factor at long last. It's been helped by maturing Tesas and rising house prices. There's no doubt that retail confidence is improving."

August accounts for almost a quarter of annual car sales, causing headaches for manufacturers, but excitement for customers. The sales record was set seven years ago, when just over 500,000 cars were off-loaded to the public. During the recession sales slumped to a low point of 367,000 in 1991, before recovering steadily to last year's total of 469,000.

Individual dealers who were taking orders for "P" registration models last night were more cautious. Richard Smith, chief executive of Cleckheaton Holdings, a West Yorkshire firm which runs three garages, explained: "I agree that maturing Tesas are definitely having an impact on private buyer sales. However the outlook is mixed. Rover and Vauxhall are fairly buoyant, but we are rather disappointed with the outlook for Ford."

The consensus among manufacturers is for sales of around 490,000, an increase of just under five per cent. This forecast is echoed by one of the largest dealer groups, Lex Service.

However, the telling factor will be whether sales remain buoyant later in the month, or begin to slacken off after the initial flood of orders.

Vauxhall, agreed with the association's prediction for a greater improvement this year. It attributes the rising trend to a greater variety of payment options rather than heightened consumer confidence. Deals where customers pay half the value of the car up-front and the rest several years later have become increasingly popular, but are not so helpful for the profitability of manufacturers.

Names seek to overturn £3bn rescue

PETER RODGERS
Financial Editor

Rebel members of Lloyd's of London are planning to apply to a judge this week for permission to take the £3.2bn rescue plan to a judicial review.

The threat to the rescue comes as letters go out from David Rowland, the Lloyd's chairman, to 34,000 names, spelling out the final cost to each of them of the proposals.

The Paying Names Action Group, representing 3,000 names who have paid all their losses, has instructed solicitors to apply to a High Court judge in "the next few days".

The group is angry that many names who have paid their debts in full are being treated more harshly in the rescue than those who refused to pay.

The best-known case of differing treatment between paying and non-paying names is that of Peter and Colin Vane, 80-year-old twin brothers who have exactly the same participation in Lloyd's syndicates.

The brother who paid his debt to the market is said to face a bill £125,000 higher than the one who refused.

The action group will be asking a judge to rule on whether the Lloyd's plan is eligible for a judicial review. If this is agreed they will press for a full hearing before 28 August, the final date for members of Lloyd's to vote on the plan.

John Abramson of the action group's solicitors, Warner Cranston said: "I am instructed to proceed." Tony Welford, leader of the action group, said: "We are preparing our affidavit."

A judicial review is normally possible only when an authority makes decisions on the basis of statutory powers. The action group has been advised that the

Lloyd's Act establishes the market's ruling council as a statutory body, and that as a result its decisions can be questioned by judges.

The action group wrote nearly a fortnight ago to Ron Sandler, chief executive of Lloyd's, setting out their objections to the rescue plan, arguing that Lloyd's had misconstrued its powers and demanding greater parity between names who have paid and those who have not.

Mr Welford said at the time that his members had deep pockets to pay for legal action. The letter asked for a reply within seven days.

The six-page reply from Lloyd's, received yesterday, challenged the action group to go to court by rejecting the claims "vehemently and vigorously", saying they would be strongly resisted.

Mr Rowland has publicly acknowledged that there is some "rough justice" in the settlement but Lloyd's says it has gone as far as it can in reducing anomalies.

Earlier this month Lloyd's won an overwhelming vote in favour of the first steps towards the rescue when members approved a £440m contribution towards it.

But to get it through, Mr Rowland must also persuade syndicate action groups - though not the Paying Names Group - to give up their lawsuits against the market, in a series of votes in the coming weeks. The vote by all 34,000 members is the final stage.

As well as the threat of judicial review, there are also complaints from members that despite the letters this week detailing their circumstances many will not know the full cost of the rescue plan until after the 28 August deadline for the vote.

Trocadero signs up new Marvels to add to its menu of entertainments in the West End



Trocadero, the leisure group demerged from Burford Holdings last November, has signed an agreement to lease 20,000 square feet on four floors at the West End's premier entertainment complex to a new company,

Marvel Mania, and to receive a turnover-related participation in the venture.

Marvel Mania is a joint venture between Robert Earl's restaurant chain Planet Hollywood International, recently successfully

floated in the US, and Ronald Pearlman's Marvel Entertainment Group of the US. Trocadero says Marvel Mania will establish one of the world's largest themed restaurants based on the Marvel comic book cult heroes Spiderman, Cap-

tain America, the Fantastic Four and the Silver Surfer. The concept will also include themed retail space.

The development of Marvel Mania's site is subject to planning permission being granted.

Loans drop belies positive trend

CLIFFORD GERMAN

Consumer credit rose by just £636m in June, compared with £691m in May and well below economists' forecasts which averaged £785m.

The rise in consumer credit was just 0.9 per cent, compared with the 1.3 per cent leap in the volume of retail sales in June which took the annual increase to 3.3 per cent, and recent strong growth in credit card spending. Mortgage borrowing was also down slightly last

month, but ahead of June 1995. "The figures are a little bit weaker than anticipated, but the underlying trend is still consistent with a steady pace of spending," said Nick Stamenkovic, at DKB International. The figures are expected to encourage optimism in the economy and justify the Chancellor's decision to cut interest rates four times over the past nine months.

In another sign of the feel-

good factor making its mark, investors put £722m net into unit trusts during June, up from £616m in May and retail investors alone invested a net £421.5m, two thirds more than in May last year.

On Friday the Halifax is due to publish its monthly house prices index, which should confirm that June's small fall in prices was a glitch, after ten small increases which have sparked market optimism.

stronghold ended much sooner. Meanwhile, HKT's previously highly profitable international network service has lost considerable business after last year's termination of its international monopoly and the threatening launch of three rival networks.

Now that it is facing the chill blasts of competition from every direction HKT may be losing its lustre as the jewel in the C&W crown.

Hongkong Telecom dealt new blow in mobile war

STEPHEN VINES
Hong Kong

Hongkong Telecom, the telecommunications utility, which makes the biggest contribution to Cable & Wireless earnings, has suffered yet another setback in the British colony where it is the only one of six franchises awarded to operate the new generation of mobile telephones.

The mobile telephone service

has been one of the most lucrative and fast growing of HKT's operations. Last year the company's mobile telephone customer base grew by 70 per cent. At present there are five mobile telephone networks in Hong Kong, with the largest market share and the most expensive service being operated by HKT.

Its failure to obtain a licence to operate the new generation of PCS or Personal Commu-

cation Service mobile phones will severely cut its market share and force HKT to cut prices if it is to remain a serious contender.

Disappointed by its failure to win a licence, HKT yesterday announced it would be holding discussions with the colony's regulator to appeal against the decision. However, its chances of success are slim as the political contention surrounding the issue has already delayed the

franchise announcement by a year. Government sources last night indicated they had no intention of reopening the debate to give HKT a share of the market.

Most analysts believe that the biggest winner in the license battle was Hutchison Telecommunications, controlled by tycoon Li Ka-shing. Hutchison also controls Britain's Orange mobile service. It is poised to become the market leader from

increased capacity through its base stations and can add the new generation of mobile phones to its existing customer base.

As for HKT, news of the failure to win the mobile phone license came just a month after the danger of losing its domestic network telephone monopoly became apparent.

The monopoly deal was supposed to expire in 2006 but political uncertainty may see its

stronghold ended much sooner. Meanwhile, HKT's previously highly profitable international network service has lost considerable business after last year's termination of its international monopoly and the threatening launch of three rival networks.

Now that it is facing the chill blasts of competition from every direction HKT may be losing its lustre as the jewel in the C&W crown.

STOCK MARKETS						
FT-SE 100		Dow Jones		Nikkei		
Index	Close	Day's change	Change(%)	1996 High	1996 Low	Yield(%)
FTSE 100	5978.90	+5.50	+0.1	5957.10	5632.30	4.16
FTSE 250	4226.10	+10.60	+0.3	4268.60	4015.30	3.57
FTSE 350	1845.10	+3.20	+0.2	1945.40	1816.60	4.03
FTSE 400	2068.20	-3.43	-0.2	2244.36	1954.06	3.16
FT All Share	1845.10	+2.68	+0.1	1924.17	1791.55	2.96
New York	5466.40	-6.66	-0.1	5778.00	5032.94	2.50
Tokyo	20967.64	-157.36	-0.7	22688.80	19734.70	0.75
Hong Kong	10651.80	-53.77	-0.5	11684.80	10204.87	3.90
Frankfurt	2477.91	+7.47	+0.3	2583.49	2253.36	1.52

INTEREST RATES						
Short sterling*		UK medium gilt		US long bond		
Index	1 Month	1 Year	Medium Term (%)	Year Ago	Long Bond	(%) Year Ago
UK	5.75	8.00	7.91	8.21	8.01	8.28
US	5.52	8.19	6.80	6.52	7.07	6.65
Japan	2.25	1.17	3.22	2.85	-	-
Germany	2.25	3.52	6.40	6.78	6.95	-

CURRENCIES						
£/\$		£/DM		£/¥		
Index	Yesterday	Change	Year Ago	Index	Yesterday	Change
\$ (London)	1.5580	+0.28c	1.6001	£ (London)	0.6418	-0.12
£ (New York)	1.5565	+0.20c	1.5960	DM (London)	0.6425	-0.08
DM (London)	2.3070	+0.39p	2.2093	¥ (London)	1.4808	-0.01p
¥ (London)	168.617	+0.22p	140.873	£ Index	96.1	-0.1
£ Index	85.1	+0.1	83.4			

OTHER INDICATORS						
Index	Yesterday	Day's chg	Year Ago	Index	Yesterday	Day's chg
Oil Brent \$	18.88	+0.10	16.03	RPI	153.0+2.1pc	149.8
Gold \$	384.50	-0.50	383.10	GDP	107.9+0.4pc	126.9
Gold £	246.79	-0.94	239.44	Base Rate	-5.75pc	5.75

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**INSTRUMENTS
FOR PROFESSIONALS**

BAA profits take a knock from landing charges

NIGEL COPE

Lower prices for long-haul flights helped boost passenger traffic at airports operator BAA though profits were adversely affected by the "smoothing out" of landing charges between peak and off-peak periods.

Revealing a 2.4 per cent increase in pre-tax profits to £130m, boosted by higher retail sales, BAA chief executive, Sir John Egan, said the recently published Monopolies and Mergers Commission report on future airport charges for airlines together with the Civil Aviation Authority's response "create a particularly challenging environment for BAA for the next five years".

Earlier this month the CAA, BAA's regulator, published a proposal document on landing charges, which said BAA should cut £150m from airport fees over the next five years following an enquiry by the MMC. Though many observers felt the terms were less onerous than expected, Sir John said BAA was discussing the detailed implications of the review with the CAA and its larger airline customers.



Sir John Egan: Facing a challenge from the MMC

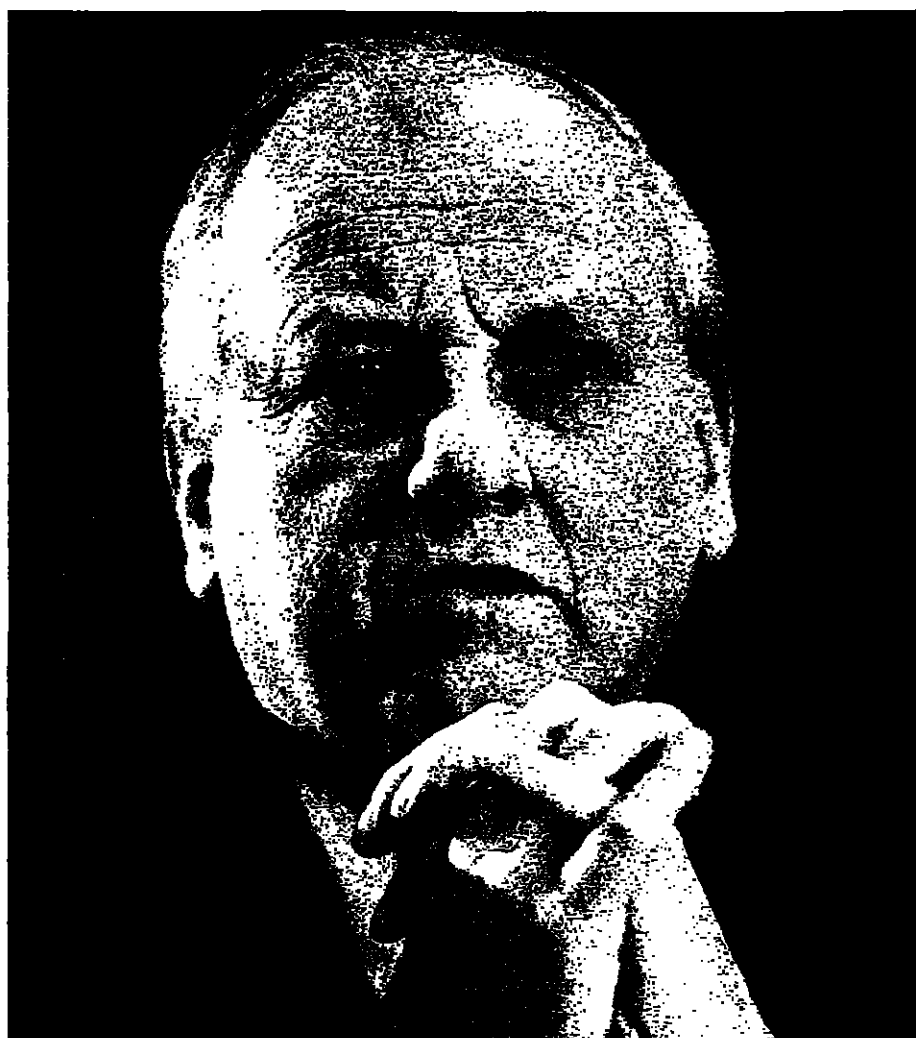
In the three months to 30 June, net retail income rose to £105m with the increase per passenger strongest at Gatwick where it rose by 12 per cent. BAA's airports, which include Gatwick, Heathrow and Stansted, handled 24.7 million passengers in the quarter, up 3.7 per cent on the same period last year. Capital expenditure during the quarter was £36m, which in-

cluded the completion of the departure lounge at Heathrow's terminal 2 which provided an extra 24,600 square feet of retail space.

BAA said the programme to smooth out charges between peak and off-peak times knocked around £4.6m off profits. Marshall Whiting, an analyst at brokers Société Générale Strauss Turbull, said the figures, which were in line with expectations, were over-shadowed by the regulatory issues. "There will be another few weeks of consultation and the CAA will probably make its final price proposals around October."

Under the CAA proposals landing fees at Gatwick and Heathrow would be allowed to rise by no more than inflation less 3 percentage points while prices at Stansted prices could rise by inflation less 1 percentage point. The prices are set for the next five years from next April.

BAA's total revenues in the third quarter rose by 6.4 per cent to £347m. Sir John Egan said the year had seen a positive start with sales and profits up relative to passenger numbers. BAA shares closed a penny lower at 471p.



Sir Denys Henerson, the former ICI chairman, is to become chairman of Dalgely, the pet food and food ingredients group. He will replace Maurice Warren who is retiring at the end of the year. Mr Warren spent almost 40 years with Dalgely and its subsidiaries and was chief executive

for four years until 1993. Sir Denys was a non-executive director of Dalgely between 1981 and 1987. He will rejoin the company in October and take over as chairman in January next year. Sir Denys is also chairman of the Rank Organisation leisure group and Great Western Holdings.

Doors business sale boosts Spring Ram

Spring Ram, the troubled kitchens and bathrooms maker based in Bradford, is boosting its finances by slightly more than £2.2m by selling most of its loss-making Crosby doors business to Premdor of Canada.

Roger Regan, chairman of Spring Ram, which nearly collapsed three years ago, said: "The proposed disposal of Crosby represents an important step in the group's programme of divesting non-core operations."

"This programme, once fully implemented, will free management resources to focus fully on exploiting the strong market positions of the group's core kitchens and bathrooms divisions."

Premdor, one of the world's biggest makers of doors, is paying Spring Ram £12.3m cash and assuming £9.8m of Crosby's debts. Spring Ram will retain a

20 per cent stake in Crosby. Spring Ram also forecast that, in the absence of unforeseen circumstances, the group's interim loss before exceptional items and taxation for the six months ended 29 June 1996 will be not greater than £9.8m, of which approximately £4.6m relates to Crosby. In the comparable period last year, Spring Ram lost £1.1m before tax, which climbed to £43.6m by the year-end after the company made charges of almost £31m for an accelerated and increased cost-reduction programme.

The core kitchens and bathrooms divisions improved their performance over the second half of last year and this trend is expected to continue, the company added.

Spring Ram's shares closed unchanged at 14.5p, valuing the company at just £66m.

COMPANY RESULTS

	Turnover £	Pre-tax £	EPS	Dividend
Ashtead Group (P)	95.9m (67.3m)	16.8m (13.6m)	13.3p (11.3p)	3.07p (2.47p)
BAA (BT)	-	130m (127m)	9.5p (9.3p)	nil (-)
Coral Products (P)	8.82m (8.13m)	1.6m (1.23m)	7p (6.8p)	2.25p (2p)
Kwik International (I)	8.61m (10.2m)	0.21m (0.44m)	-4.4p (-)	0.75p (nil)
SEA (I)	122m (106m)	3.70m (2.98m)	5.9p (4.8p)	0.89p (0.73p)
Moorepay Group (I)	2.72m (2.84m)	0.85m (0.67m)	7.52p (5.88p)	2.2p (2.2p)
NECA Holdings (I)	3.88m (11.3m)	0.02m (0.20m)	-0.5p (2.3p)	nil (-)
Porvair (I)	25.0m (15.3m)	1.54m (1.26m)	4.1p (5.4p)	1.9p (1.7p)
Regal Hotel Group (I)	21.5m (5.80m)	2.82m (0.43m)	1.89p (0.86p)	0.325p (-)

(P) - Profit (I) - Income (Q) - Quarterly † adjusted

Rewarding staff pays off for Ashtead

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

After a collapse in profits at Vibroplant last week, and in the wake of more than usually gloomy recent statements from Hewden Stuart, no one could really have expected profits from rival plant-hirer Ashtead to have been so buoyant in the year to April, or for chairman Peter Lewis to be so optimistic about prospects.

Profit before tax and exceptional items, up 35 per cent to £18.3m (£13.6m) suggested Ashtead was operating in a completely different market from its two big peers. Earnings per share were an impressive 27 per cent better at 14.3p, at which level they have quadrupled in three years, and the dividend was hiked 24 per cent to 3.07p. It has doubled over the same period.

In some ways it is true that Ashtead is operating in different markets. Unlike its rivals, the company has a sizeable US operation and Mr Lewis expects more than half of profits to come from America. The attraction of the US operation is that rental rates in that fragmented market can be as much as twice as high as in the UK, where recession and competition have knocked yields for six.

Ashtead also has a profitable survey and inspection hire business, based in Singapore, which supplies the offshore oil and gas markets. That and the US mean that Ashtead generates only about 30 per cent of its revenue directly from the UK construction industry compared with pretty much 100 per cent at the beginning of the 1990s.

The real key to Ashtead's success, however, is not the markets it operates in, which are no better or worse than its peers. It is the way it conducts its business, and especially the profit-related pay structures it has built into staff contracts which ensure that every depot is a profit centre and each employee is to a fairly large extent an owner of the business.

Importantly, profit-related bonuses are paid the month after the period to which they relate, which means that staff get a very real and rapid reward for extra effort. That creates a virtuous circle of positive thinking which has been reflected in the first two months of the current year with a 21 per cent rise in like-for-like sales growth despite no overall improvement in the market.

After a one-for-two rights issue in the spring to fund two big acquisitions, there will inevitably be a period of earnings consolidation and certainly growth would appear to be slowing quite markedly this year to perhaps less than 10 per cent, a considerable decline compared with recent periods.

That is likely to put the brakes on the shares, which have grown relentlessly since 1992 to yesterday's 174p.

down 1p on the day. On a prospective p/e ratio of about 12, with two big acquisitions to bed in, and with pretty favourable sentiment in the sector, that is probably high enough for the time being. A class act, but fully priced.

New hotels yield Regal profits

Squeezed between the budget hotels on one hand and the four-star market on the other, the three-star hotels sector is seen by many as a place to avoid.

Charles Vere Nicoll of Regal Hotels begs to differ and bet the ranch on the three-star provincial market earlier this year when he agreed to pay £122m for 60 of the White Hart hotels being sold as part of the Granada-Forte deal.

The deal transformed Regal, which started out with just three hotels in 1993, and gave it more or less national coverage. Regal's view is that there is plenty of room for three-star hotels which can offer meeting and ban-

queting facilities, which the motels don't, and at prices the four-star sector can't match.

The company's figures for the six months to June include only a two-months contribution from the White Hart chain but so far the signs look encouraging.

Profits shot up from just £490,000 to £2.9m due to the acquisition and the key indicators are heading in the right direction. Average occupancy rose by 5.4 percentage points to 63.9 per cent.

Room rates also improved by 6 per cent to £36.41. Regal feels the White Hart chain was neglected under the Forte regime and sees plenty of scope to get higher yields from the properties.

The White Hart chain has been rebranded under the Regal name, which the company sees as stronger. Better financial systems have been introduced to monitor costs.

Mr Vere Nicoll also sees plenty of room to improve margins, particularly in the dining and bar areas. The company has tested themed bars and restaurants and found takings have soared.

With a maiden dividend of 0.3p and the shares up from 30p last year to 55p, up a penny yesterday, recent shareholders have good reason to be pleased even though this is little higher than the level reached two years ago.

With profits of £10m expected for the full year the shares are on a forward rating of 14. A discount to the sector but after the strong run over the last year, not the bargain it was.

Shoe market trips up Porvair

Porvair, the synthetic materials manufacturer, has enjoyed a good run over the last five years, boosted by strong organic growth and acquisitions such as the £38m deal to buy ceramics maker Selec last year. But, as with most companies whose shares enjoy a high rating, there was never much room for error. Hence the dramatic 17 per cent fall in the shares after yesterday's profits warning, in spite of the increase in interim profits from £1.2m to £1.5m in the six months to May. From their May high of 431p the shares have tumbled to 334p, down 71p yesterday.

There had been a few hints earlier in the year that the group's Porvair International subsidiary was having a tough time and it was this business that caused the warning.

The problems centre on two products. One is Permair, a leather film laminate, which has been suffering from weak demand for shoes in continental Europe and the US. The downturn knocked 15 per cent off sales in the first half.

The other is Porcelle, a waterproof membrane used in bad weather clothing. A large US customer switched to a cheaper rival while orders to police and army customers in France and Belgium were postponed.

Management took action in April, cutting costs by 9 per cent. But more may need to be done if the second half does not show an improvement.

Management has been criticised for not marketing products aggressively enough. The company has also been slow to open up Far Eastern markets such as China and Indonesia, which are the world's largest shoe manufacturing regions and so an obvious target for the Permair product.

Albert E Sharp is forecasting full-year profits of £6.7m which puts the shares on a forward rating of 19. Though there are still some prospects for growth the shares are not worth chasing until the picture at Porvair International becomes clearer.

VAT men take a cut off hairdressers' saloons

CITY DIARY

JOHN WILLCOCK

The beady-eyed VAT inspectors from Customs & Excise have claimed another victim - hairdressers. Inspectors visited Simon Harris Hair Design of London recently and decided that the self-employed stylists working there should be included in the business's overall VAT bill.

According to Bob Harrison, a VAT consultant with accountants Moores Rowland: "Many salons use self-employed stylists and charge them for use of a chair, a junior and other facilities such as hairdryers and shampoos. This has allowed them to remain below the VAT registered limit - until now!"

Mr Harrison says that Customs has fought a long war with hairdressers over this thorny issue. Any hairdresser who appears to have a substantial business and is not VAT registered could now face enquiries by inspectors and possible penalties.

The Customs men have even formed six teams to target "the shadow economy" which will include offending crimping parlours.

I wonder where the inspectors get their own hair cut?

A 19-year-old student studying surveying at Northumbria University recently received a letter from Barclays Bank informing him that he was £40,279,560 overdrawn.

The heard of student loans but this is ridiculous. A shocked David Close of County Durham read on: "This is in excess of your agreed limit. Please arrange

You've had the Baby Boomers - the post-war generation that became hippies in the Sixties and are now greying fast. In the next Millennium they will transform into the Papy Boomers.

From 2005 European economies will be hit hard by a bulge of former Baby Boomers reaching retirement. They have had so few children that the "dependence ratio", which measures the number of workers paying for every pensioner, will drop from 4 in 1990, to 2 by about 2025. French derivatives planners have dubbed this the "Papy-boom". If current trends continue, at some point everyone will be retired. The French haven't come up with a name for that yet. How about "Bournemouth-boom"?



Top trimmer: Vidal Sassoon is safely clear of the VAT war

to pay in within 10 days to bring the account into order and refrain from issuing further cheques in the meantime."

David earns £30 a week from part-time work. What could save him now? A debt for equity swap? Floating on AIM?

On contacting Barclays, David was given a fulsome apology. His overdraft was in fact £209. Someone had typed in an account number where the balance should have been. If only Eurotunnel's debts were so easy to solve.

Just two years after joining Nomura as co-head of equities, Robert Mapstone has "decided to pursue opportunities elsewhere." There are mutterings in City wine bars that his departure was not entirely unexpected.

At the same time Simon Fry, head of Nomura debt markets, "has been invited to assist in the co-ordination and strategic development of the Equity business," says the company.

Mr Fry joined Nomura from CS First Boston two years ago to build up the former's asset trading team. A year later he was promoted to head up debt trading. Now, another year down the line, he's sorting out the equities side.

All the rapidly ascending Mr Fry needs to do now is a spot of investment banking and the chief executive's private banqueting suite is his. Or so those pundits in the wine bars are saying ...

THE INDEPENDENT

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Lang looks ready to back a national champion

Is Ian Lang about to surprise us all once again? Three months ago the Bass-Carlisle deal stood about as much chance of getting the nod as Hooper's Hooch re-ident of the Board of Trade looks ready to 40 per cent share of the UK brewing market in return for a comparatively modest set of divestment undertakings.

Consider what Mr Lang had to say about the desirability of such concentration of power as recently as May. The occasion was a utilities conference and his speech was mainly directed at the electricity and water industries but his comments could have applied equally to any sector. His words are worth repeating in full. "Some people argue that competition should not be my top priority, but that I should use my powers to encourage the creation of large utility companies which have the scale to compete in world markets. I believe that this argument misses the point. It is not the place of competition policy to engineer the creation of all want world-class companies, but the best prospect of a company becoming a successful global competitor is the experience of a demanding competitive market at home."

Now compare and contrast. Should Bass acquire Allied Domeq's half-share in Carlsberg-Tetley, then the merged group will supply nearly half the beer drunk in Britain's

pubs and control four of the country's top 10 brands. Following Scottish & Newcastle's acquisition of Courage last year nearly 70 per cent of the UK beer market will be in the hands of just two brewing groups.

Mr Lang, however, appears to have bought the argument that this does not matter. It is true that the beer industry and the market it serves has undergone some fundamental changes in the last few years. Since 1990 the proportion of beer sold through pubs tied to brewers has dropped from more than a half to under 40 per cent and is projected to fall further to 30 per cent by the end of the decade.

Large independent pub chains have emerged with real purchasing power to counter the dominance of the big brewers while booze cruise imports from the Continent continue to chip away at traditional markets, so much so that the off-trade accounts for three times the volume of beer sales it did in 1980. The brewers have responded by closing nearly 10 millions barrels of capacity, virtually eliminating over-capacity.

The Bass lobbying machine has told the DTI that the Carlsberg deal would enhance competition, not reduce it, by releasing Allied Domeq's 4,000 pubs from the tie with Carlsberg-Tetley. Bass has also let it be known that if it were able to consolidate at home then it could really get down to business by exploiting the burgeoning markets of China and eastern Europe where it

already has a toehold in the Czech republic. These sound suspiciously like the overtures of a "national champion" and Mr Lang looks suspiciously like responding favourably to them.

Norwich Union must think again

It is several months since it became public knowledge that Norwich Union's investigation of a possible demutualisation and flotation in the first half of next year had firmed up into preliminary decision that it should go ahead. But the insurer is being a bit coy about admitting it publicly, before the formal announcement of the £4bn flotation, scheduled for October.

It is worried about carpet-baggers, as well as possible complaints from regulators that it is encouraging people to buy long-term policies for the wrong reason, by hinting at short-term cash windfalls.

As a pre-emptive measure, the insurance group took powers at its annual meeting in May to set a cut-off date for membership. This was to prevent opportunist new members speculating on a £700-a-head average payment at the time of the flotation. In fact, the risk of a rush of new business, building society style, is quite small because the ownership profile of a mutual insurer is quite different from that of a building society.

Societies live off short-term deposits

which are highly mobile. When they convert, they cannot afford to alienate recently enrolled members by paying them little or nothing, because they might not win enough votes to win approval of the demutualisation.

A life insurance company has a different membership profile since many policyholders are long-term by definition, and do not switch from company to company as rates change. So if the rewards of flotation are skewed heavily towards long-term holders there is less risk than with a building society that the conversion will be voted down.

Norwich's payout will almost certainly be structured to discriminate against carpet-baggers. Indeed, there is no reason why they should get anything at all. Scottish Equitable, for example, paid nothing to new policyholders when it converted and sold out to Avon. It is this long-term relationship between member and mutual society that distinguishes insurance companies from building societies.

The bigger societies have already become almost indistinguishable, except perhaps in brand image, from retail banks. A life insurer needs to make a far stronger case for losing the benefits of mutual ownership.

Ferranti's forgotten message

A long time ago a company called Ferranti, which does not now exist, bought an-

other company called International Signal and Control, which no longer exists either, after taking professional audit advice from KPMG. The business turned out to be constructed out of court on the advice of its insurers to the tune of £40m. Why the history lesson, you may ask. Well, the accountancy profession's top disciplinary body has just got around to clearing KPMG of any professional failure on the grounds that ISC's founder, James Guerin, had duped everyone. You may think that seven years is a long time to wait only to hear that everyone is in the clear.

There are reasons for the delay. Michael Chance, the solicitor who conducted the inquiry, only got to work on the case in June 1993 partly because the executive of the Joint Disciplinary Scheme have to wait for one of their sponsoring bodies, made up of the accountancy institutes to request an investigation.

All in all, it is an unsatisfactory state of affairs that has its roots in the professional bodies' determination to retain a regulatory role alongside their position as representatives of and lobbyists for their members. To be fair, investigations must be swift as well as thorough. In the interests of saving time and money, some truly powerful bodies should be set up with the intention of investigating events and responsibility for them as soon as they occur. That way we might get the results of inquiries before we have forgotten what led to them.

Formula 1 boss boosts empire at Biggin Hill

CHRIS GODSMARK
Business Correspondent

Bernie Ecclestone, the undisputed king of Formula One motor racing and one of the highest-paid individuals in Britain, is to expand his business empire at Biggin Hill, the historic Battle of Britain airbase.

In a multi-million pound deal he is understood to be planning to build a new factory on the site to re-house his company, Formula One Pro-

motions, which makes electronic gadgetry used to produce the dazzling on-board television pictures of Grand Prix races.

The impetus behind the project is thought to have been Mr Ecclestone's on-going discussions with the satellite broadcaster, BSkyB, aimed at expanding coverage of the increasingly popular sport with the advent of digital pay-TV next year. He owns and operates the Formula One Constructors Association which holds the highly lucrative rights to televise Formula One races.

Formula One Promotions, which designs and manufactures the camera systems which can send back pictures on racing cars at speeds of 300 miles per hour, has been based at Biggin Hill Airport for several years, but is thought to have outgrown its existing building. Like Mr Ecclestone's other business interests the company keeps a low profile and no one was available for comment yesterday.

The negotiations have been taking place with Regional Airports, which leases Biggin Hill from Bromley Council and also



Right formula: Biggin Hill, the historic Battle of Britain airbase and home of Formula One Promotions

operates Southend Airport. The world-famous airfield is also home to Mr Ecclestone's private jet.

The deal is just one element in expansion plans for the site drawn up by Regional Airports, which recently opened a new air terminal at Biggin Hill and has spent £2m improving runway facilities. The company is believed to be engaged in complex negotiations to develop the ad-

jacent West Camp, a former RAF training centre.

The airfield opened in 1914, and reached its heyday during the Battle of Britain as one of the most important bases for Spitfires and Hurricanes.

After RAF flights ceased in 1959, the site was split into two, with the civil airport run separately from the 30-acre West Camp, which became the main selection centre for RAF re-

cruits. The Ministry of Defence sold the West Camp in 1992 to Dan Graham, a Jersey property developer.

Buying the West Camp would enable Regional Airports to get its hands on some of the best facilities on the airfield, many of which are currently disused, including the main aircraft taxiway. Biggin Hill has become a popular venue for wealthy private travellers and flying clubs,

and at busy periods can see 500 aircraft movements a day.

But the ambitions of Mr Ecclestone and Regional Airports have brought them into conflict with Bromley Council, which is reviewing its development plan for Biggin Hill. Planners have insisted new building work must enhance or preserve the character of the area, which includes listed buildings, such as a 1930s officers' mess.

Westminster bidding falters on key issues

MATHEW HORSMAN
Media Editor

The bidding for Pearson's Westminster Press could be delayed by disagreements on three key issues, including the price to be paid for the group's stake in the Press Association, sources close to the negotiations said last night.

As a result, a deal is now unlikely to be reached in advance of Pearson's results next week.

The 9 per cent stake in PA is being valued at nil by at least one bidder, while Pearson is holding out for a significant valuation. The bidding and selling sides are also far apart as well on outstanding tax and pension issues, according to the sources.

The leading bidders are a consortium made up of Mirror Group and Tony O'Reilly's Independent Newspapers and Newsquest, the regional newspaper group controlled by US buy-out specialists KKR. Two other bidders, thought to be Trinity International and Northcliffe, the regional newspaper arm of Daily Mail & General Trust, are believed to have bid only for parts of the group.

Final bids for Westminster Press were delivered to Pearson's advisers, Lazard Brothers, late last week. Pearson had hoped to realise as much as £350m for the range of 60 re-

gional titles, but the bidders have offered far less.

They are concerned that future profits may be far less than current year estimates, following severe cost-cutting in anticipation of the sale.

The outstanding tax issues are said to involve both the seller and the buyers, and could account for wide differences over the price Pearson expects and the offers on the table. "We haven't yet decided how much cash we can take out of the company, and what the tax implications are," a source at Pearson said.

The PA valuation is "not a deal-breaking issue," said an insider at one of the bidders. "But there is clearly some difference of opinion."

A Pearson source conceded last night it was "very unlikely we can conclude a deal before our results are announced."

The proposed sale has cheered the City, which has been pressing for further restructuring at Pearson, the book, newspaper and electronic publishing giant. The company has been investing in television and multimedia companies, and gradually selling non-core businesses. The regional newspaper operations were put up for sale a month ago, following a series of big disposals by other media groups of their regional titles.

IN BRIEF

• Eurotunnel says its Le Shuttle service has for the first time carried more than 10,000 tourist vehicles in a 24-hour period - midnight to midnight on Saturday 27 July. Over the weekend, the total was 28,584 tourist vehicles (510 coaches), including the new record of 10,373 on Saturday. The company said 124 Eurostar trains also passed through the Channel Tunnel over the three days. A week ago, in carrying 26,698 tourist vehicles on Friday 19 July to Sunday 21 July, Le Shuttle had set a record of 9,740 tourist vehicles in a day on the Saturday.

• Costain says it has received acceptances for 43.5 per cent of the shares on offer under its restructuring, which means that Intra Berhad of Malaysia will end up with 40 per cent of the company. Under the restructuring Intra will be allotted 82.85 million new ordinary shares, as primary underwriter of the issue, and the balance of 4.88 million will go to Costain's banks. Following the issue Mohamed Abdulmotin Kharafi & Sons of Kuwait will hold 19.1 per cent of Costain. The company expects that collectively its bank syndicate, which underwrote 46.7 per cent of the open offer, will be allotted 2.3 per cent of the share capital of the company.

• Volker Stevin of Holland and British Steel have reached agreement to set up a new venture, GrantRail, based on an existing partnership and combining the railway activities of Grant Lyon Engr and Railbouw (UK). The new company, based in Scunthorpe, Lincolnshire, is expected to have sales of 60m-70m guilders (£25m to £27m) in its first year, primarily focusing on the English market, the companies said.

• ICI is selling its Australian diagnostics business, Silenus Laboratories, for an undisclosed sum to Amrad Operations. A spokeswoman for ICI said the sale would enable Silenus to prosper as part of a larger Australian biotechnology business and allow ICI to concentrate on its core strategic markets.

• Ian Lang, President of the Board of Trade, has accepted undertakings from Istock over its acquisition of the brick manufacturing business of Redland, and will not refer the deal to the Monopolies and Mergers Commission. The undertakings involve the sale of five manufacturing plants in the South-west, and Eldon and Toddhills in the North-east. Istock will also need to ensure that the plants are run in the period before disposal as viable businesses and are sold as going concerns.

• Select Industries is planning to buy GNB Holdings, a Halifax-based firm which specialises in acquiring and developing industrial businesses. The company said expects to conclude acquisition negotiations shortly.

• Real Time Control is closing its Warrington facility as part of a re-organisation of its service and support activities, which are also located in Watford and Northampton.

• Kay's Food Group said its rights issue of 78.28 million ordinary shares at 2p each has been taken up by investors representing 24.84 million shares, equal to an acceptance level of only 31.7 per cent. The remaining 53.44 million shares will be taken up by the underwriters of the issue.

Investigation clears KPMG over Ferranti

ROGER TRAPP

Auditors at accountancy firm KPMG who gave Ferranti International Signal a clean bill of health weeks before the discovery of frauds totalling £215m that led it to the brink of collapse have been cleared of any wrongdoing by the accountancy profession's top disciplinary body.

Michael Chance, executive counsel of the Joint Disciplinary Scheme, said in his report published last night that there was no case for the firm or any of its personnel to answer.

There was no scope for the suggestion that the auditors had been "faced with clear evidence of dishonesty and failed to pursue it", he said. His three-year investigation had concluded that they were among those "comprehensively de-

ceived by a fraud which was designed and executed with extraordinary care and skill".

Two fictitious contracts - one for the United Arab Emirates and the other for Pakistan - had been created to deceive the accountants into accepting a certain level of profit, he added.

If Mr Chance had found that there was a case to answer the KPMG partners - Alan Comber and Robert Ferguson - would have to go before a tribunal and could have faced barring from the Institute of Chartered Accountants and unlimited fines.

The inquiry, which was referred to Mr Chance by the Institute in June 1993, stems from the takeover in November 1987 of International Signal and Control, a US-based defence contractor quoted on the Lon-

don Stock Exchange and headed by James Guerin, by UK electronics group Ferranti. KPMG - through its former partner Peat Marwick Mitchell - was auditor to ISC and became joint auditor to the new company, Ferranti International Signal, after the takeover.

The company became aware of serious concerns about the contracts at the centre of the investigation in August 1989 - a month after Peat Marwick and fellow auditor Grant Thornton signed off the accounts for the year to March 1989. Following a report from accountants Coopers & Lybrand, it sued KPMG for several hundred million pounds and settled out of court in August 1991 for £40m.

Mr Guerin was later jailed after he and others pleaded guilty to various charges of fraud.

New share values jeopardise US West-Continental merger

DAVID USBORNE
New York

What had promised to be the biggest deal ever, involving Baby Bell telephone company US West, and television cable operator, Continental Cablevision, may falter because of shifting share values.

US West gripped the industry last February with plans to purchase Cablevision in a cash and stock deal worth \$5.3bn (£3.2bn). It represented the first major realignment after the passage by the US Congress of a bill liberalising telecommu-

nications and allowing telephone companies for the first time to enter the cable business.

Doubts that the two companies will be able to consummate the merger in time for the planned deadline for closing later this year have surfaced because of a recent dive in the value of US West's Media Group stock. The shares are hovering just below \$17, down about 25 per cent from the \$22.15 they were trading at when the pact was announced.

Further damaging prospects are quarterly earnings announced by the Media Group

last Friday. It reported its first loss of \$11m, or three cents a share, compared with a profit of \$25m in the same quarter a year ago.

Publicly, US West says it remains committed to the transaction, however. "We like this deal, we get along famously as partners," a company spokesman said.

There has been intense interest in US West's push towards global expansion and use of the liberalisation bill by entering cable distribution rather than by seeking new partners in the telephone business.

'Which?' takes BT to OfTel

MATHEW HORSMAN
Media Editor

BT is guilty of giving false or misleading information to cable telephone customers in its effort to win back business, according to a report in Which? magazine published today.

The consumer rights magazine says BT may be in breach of its licence by telling customers, erroneously, that cable operators charge for engaged calls and directory listings and that calls made through BT are as cheap as those through cable companies.

The report was based on 23 inquiries by researchers at Which? The conclusions are part of a complaint now with OfTel, the telecoms regulator.

"Our disturbing findings reveal that BT could be flouting its licence and perhaps breaking competition laws too," Andrew McIlwraith, senior editor of Which?, said.

OfTel said yesterday: "We will investigate it. These are serious matters, and resources will be made available to come to a conclusion as soon as possible."

BT rejected the report. "We deal with 3 million such inquiries every working day, and the Consumers Association is talking about just 23. More than 10,000 people are engaged in doing just this work."

The spokesman added that "if mistakes were made they were genuine. We do not set out to deliberately mislead." The allegations come at sensitive time for BT, which this week must decide whether to accept OfTel's proposals for new competition powers in return for a relaxation of price controls.

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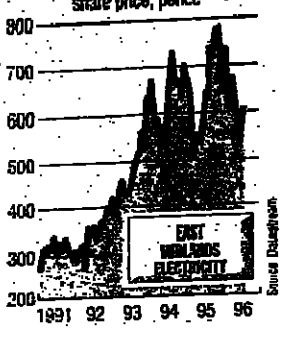
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SEAQ VOLUME
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SHARE SPOTLIGHT



Investors were largely sidelined ahead of tomorrow's monthly meeting between the Chancellor, Ken Clarke, and Governor of the Bank of England, Eddie George, and the index of leading 100 shares traded in a narrow 10-point range closing 5.5 points higher at 3678.8 in thin trade.

With little else to distract them, traders' attention predictably turned to football and Newcastle United's audacious £15m swoop for Blackburn Rovers and England striker Alan Shearer.

The deal, a world record transfer fee, could have important implications for Newcastle's plans to seek a stock market listing, possibly by the end of this year, which could value the club at £160m.

The City seemed split about the impact of Shearer's move on the flotation. Some analysts reckoned the signing would make it easier for the club to

raise money from institutional investors to fund the cost of building a larger stadium across the Tyne. The far riskier investment in Shearer, the argument goes, is best left to majority shareholder and Newcastle chairman Sir John Hall.

Others were less sure. "Newcastle are paying £3m a year plus a salary for a player who will be worthless in five years," said analyst Paul Wedge at Collins Stewart. "It will mean Newcastle reporting a massive loss this year. I don't know how you can say that is a good deal."

News of Shearer's decision had little impact on Manchester United, which claimed its £12m bid for Shearer was blocked by the Blackburn board. Shares in the Old Trafford club, who remain warm favourites to retain their Premier League title, added 3p to 431p.

Elsewhere in the leisure world, the stock market toast-



MARKET REPORT PATRICK TOOHER

ed confirmation that brewer Bass was in talks with food and drinks group Allied Domecq about buying a 50 per cent stake in Carlsberg-Tetley, the Anglo-Danish brewing business. More news about the £200m deal, which would restore Bass as Britain's biggest beer maker, is expected on Thursday. Bass put on 4p to 781, while Allied Domecq added 6p higher at 429p, making it the third-best Footsie performer of the day.

More fun should be had this week if Whitbread, up 2p at 689p, unveils plans to expand its themed restaurant activities with a bid for Pelican, unchanged at 145p.

Top slot among the blue chips went to United News & Media, which climbed 11p to 649p on hopes that the company would carry off regional newspaper publisher Westminster Press from Pearson. United has been involved in talks to buy exhibitions group Blenheim, but the lack of any further bid developments sent the latter 5p lower at 393p.

Several television stocks attracted brokers' buy notes. NatWest upgraded its recommendation on Scottish TV from hold to add on the basis that the acquisition of Caledonian Publishing will materially enhance earnings. NatWest says the deal will cre-

ate a powerful Scottish multimedia group and act as useful hedge against any potential revenue damage from Channel Five, which is due to go on air next year. Scottish rose 9p to 662.

Meanwhile Border Television was the subject of a "strong buy" note from Greig Middleton. Stripping out Border's cash and the value of wholly-owned subsidiary Century Radio, the broker reckons the shares - unchanged yesterday at 269p - stand on a prospective p/e ratio of just 13, a very large discount to the rest of the sector.

Epic Multimedia continued its remarkable run after announcing a major distribution deal for an action adventure game called Endgame with GTE, a world-wide publisher of digital entertainment. GTE will pay advances of about \$1m to complete production of the Endgame title, as well as

potential further royalties on future sales. AIM-listed Epic jumped 6p to 90p after 100p.

Shares in the remaining regional electricity companies continued to spark interest. Reports that East Midlands will this week confirm a £1.4bn approach from a US suitor, possibly Houston Industries, gave the shares an added buzz. They closed 38p ahead at 608p, valuing East Midlands at £1.15bn. Also in demand was Yorkshire Electricity, 11p up at 683p.

The decision on Friday by Psion, maker of the electronic personal organiser, to withdraw its 200p a share bid for consumer electronics group Amstrad continued to have a negative impact. Amstrad fell 6p to 154p while Psion was 20p weaker at 403p.

Printed circuit board manufacturer Kode International slid 16p to 94p after a 68 per cent setback at the half-way mark.

Shire Pharmaceuticals advanced 6p to 247p after an upbeat progress report on its treatment for patients with the disease. The news came in the interim results of a major ongoing Phase II study presented at a key international meeting in Japan. Shire also reported "significant progress" by all its other businesses since flotation in February.

Data Systems International was requested 17p lower at 138p after its reverse takeover of Standard Platforms, the loss-making document imaging group. DSI, which trades as Action Computer Supplies, intends to concentrate on selling information technology products through mail order and recently signed a £5m deal with local authorities worth about 5 per cent of annual turnover.

Share Price Data

Prices are in sterling pence unless stated. The yield is last year's dividend, grossed up by 10 per cent, as a percentage of the share price. The price/earnings ratio is the share price divided by last year's earnings per share, excluding exceptional items. For details of the FT-SE 100, FT-SE 250 and FT-SE 350, see the FT Information. For details of the UK Company News, see the FT Information. For details of the Foreign Exchange, see the FT Information.

The Independent Index

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Market leaders: Top 20 volumes

Stock	Volume	Stock	Volume	Stock	Volume	Stock	Volume
British Energy	220000	British Gas	180000	British Telecom	150000	British Airways	120000
BT Group	120000	BT	100000	BT	80000	BT	60000
BT	60000	BT	40000	BT	20000	BT	10000
BT	10000	BT	5000	BT	2000	BT	1000

FT-SE 100 index hour by hour

Time	Index	Time	Index
Open	3675.5 up 2.2	11.00	3681.3 up 6.0
09.00	3680.5 up 7.2	12.00	3681.6 up 6.3
10.00	3683.4 up 10.1	Close	3678.8 up 5.5

<p>Alcoholic Beverages</p> <p>Banks, Merchant</p> <p>Banks, Retail</p> <p>Breweries, Pubs & Rest</p> <p>Building/Construction</p> <p>Building Materials</p> <p>Chemicals</p> <p>Distributors</p>	<p>Diversified Industrials</p> <p>Electricity</p> <p>Electronics</p> <p>Food Manufacturers</p> <p>Food Distribution</p> <p>Health Care</p> <p>Household Goods</p> <p>Insurance</p> <p>Life Insurance</p> <p>Media</p> <p>Pharmaceuticals</p> <p>Printing & Paper</p> <p>Property</p> <p>Support Services</p> <p>Telecommunications</p> <p>Textiles & Apparel</p> <p>Transport</p> <p>Water</p> <p>Rights Issues</p> <p>Recent Issues</p>	<p>International</p> <p>Oil Exploration</p> <p>Oil Integrated</p> <p>Other Financial</p> <p>Leisure & Hotels</p> <p>Life Insurance</p> <p>Media</p> <p>Pharmaceuticals</p> <p>Printing & Paper</p> <p>Property</p> <p>Support Services</p> <p>Telecommunications</p> <p>Textiles & Apparel</p> <p>Transport</p> <p>Water</p> <p>Rights Issues</p> <p>Recent Issues</p>	<p>Government 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The time has come for people who need people

What have Alan Shearer and Elizabeth Hurley got in common? The answer is intellectual capital. This strange commodity comes in many forms, but few can be as dramatic as the revelation yesterday that England striker Alan Shearer is worth £15m to Newcastle United – or that Elizabeth Hurley is tipped to be the new Julia Roberts. More of that later – first, Alan Shearer.

The talents of the workforce of most companies may not be as evident as those of footballers, but other businesses are increasingly coming to resemble football clubs in the sense that their two main assets are a brand name and the intellectual capital of the people who work for them. In the last 10 years there have been considerable efforts to measure the value of brand names and to grow and develop them. By contrast, the study of companies' intellectual capital is woefully thin: companies have hardly begun to measure the value of the intellectual assets locked up in the heads of their staff, let alone develop plans to extract more of this value.

Instead they regard the special skills of talented people as something they have to acquire, paying whatever the market rate requires. You can see this very obviously in areas like investment banking, or in Hollywood: the star system in both areas has become much more like football. But of course a policy of just paying the going rate and hoping to retain staff that way runs into grave problems. For a start the rate is bid up and up, leaving less and less of the added value available to shareholders. When firms are successful at developing home-grown talent, rather than buying it in, they frequently find that it walks round the



ECONOMIC VIEW HAMISH MCRAE

of skills they go out into the marketplace to buy these. Suppose instead they were to measure what they had already; then see how they had skills that might be transmitted within the company; and then apply best practice across the entire group. Do this and the firms might well find they did not need to buy in so many skills, for they would instead be able to generate the skills internally.

'Picking talent is more an art than a science and basically needs a good eye; managing talent is common sense'

theorists have been trying to help them work out how to do so. As might be expected for any movement which is still in its infancy there is as yet no rule book, no manual, no how to manage knowledge. But gradually the literature is amassing. For example early next year Cambridge University Press will bring out a book, *Managing Knowledge*, by Professor Keith Bradley of the Open University Business School, which will look in particular at the supply side of intellectual capital: how companies can measure it, extract it, and develop it.

A key point here is the present notion that expertise is a fixed supply. When companies need a certain set

of skills they go out into the marketplace to buy these. Suppose instead they were to measure what they had already; then see how they had skills that might be transmitted within the company; and then apply best practice across the entire group. Do this and the firms might well find they did not need to buy in so many skills, for they would instead be able to generate the skills internally.

is only one aspect of handling human capital. For pure people businesses the whole notion of the hierarchical company, where knowledge and authority is with the chief executive and the directors, has become less and less relevant.

Many industries, Professor Bradley argues, are likely to become more like the US entertainment industry, where the stars are the key commodity and the studios do an assembly job of bringing together a range of different talents to make a picture. This is very complicated. It looks as though Elizabeth Hurley will star in the sequel to *Pretty Woman* – be the new Julia Roberts, so to speak – but the choice will bring benefit not just to her but also generate publicity for the other ventures in which she is involved, most notably Estee Lauder cosmetics.

Indeed if you look at the Hollywood model for business and assume that this will become much more dominant in other businesses, it seems clear that two groups of people are going to become more important. One is portfolio managers, the other, the agents.

Portfolio management usually conjures up the image of an investment trust or a pension fund, but the case of Hollywood, where the big studios are putting together the finances and the team for a film that is very much what they are doing. They make a series of investments in 30 a year – into which they pop some money, but a lot of their skill is in trying off the risk as far as possible by picking appropriate partners.

They also have to hire appropriate skills, and here is where the agents come in. It is not just a question of buying what is in the window. The talent in the window knows its

full value and will extract so much of that value, that not a lot will be left over for the studio. So the very complex task of supply and demand: to enable the skilled people to extract the maximum they can for those skills, but also to assist the studios in picking the best bargain.

Managing people businesses is much more complex than managing asset businesses. In the case of a football club the scale is sufficiently small to be able to be run by a couple of talented people. Picking talent is perhaps more an art than a science and basically needs a good eye; managing talent is pretty much common sense. But managing large people businesses is, as the investment banks have found, far more complicated and dangerous. Both football clubs and investment banks are to some extent protected by their brand names, but if the people side goes wrong the value of the brand collapses.

So what should a people business, worried that it is about to face one of Professor Bradley's "punctuated breaks" do? First and most obviously it should start to measure and assess its human capital, and then see what should be done not just to retain that capital, but rather to increase the value and extract it for the company. But that is only the start. I suspect there is a second and even more difficult task, which is to look at the way it buys in contract, using these bought in agencies to select those most appropriate.

As for Alan Shearer, he can expect a string of offers from agencies anxious to help him maximise his earning potential for years to come.



Pretty Woman: Elizabeth Hurley's casting as the new Julia Roberts will also generate publicity for her other ventures

Foreign Exchange Rates

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
US	1.5580	5.3	5.2	1000	2.1	2.1	2.0
Canada	2.3082	11.3	10.3	1000	2.1	2.1	2.0
Germany	2.3070	48.1	40.3	1000	2.1	2.1	2.0
France	78.94	122.13	105.34	1000	2.1	2.1	2.0
Italy	237.74	48.53	40.3	1000	2.1	2.1	2.0
Japan	169.85	75.70	225.28	1000	2.1	2.1	2.0
ECU	12.264	15.1	45.40	1000	2.1	2.1	2.0
Belgium	47.59	12.7	32.25	1000	2.1	2.1	2.0
Denmark	8.9051	159.16	446.23	1000	2.1	2.1	2.0
Netherlands	25.589	65.57	167.14	1000	2.1	2.1	2.0
Ireland	0.9634	9.24	20.50	1000	2.1	2.1	2.0
Norway	12.637	21.31	69.86	1000	2.1	2.1	2.0
Spain	163.77	54.6	185.72	1000	2.1	2.1	2.0
Sweden	10.845	0.4	1.8	1000	2.1	2.1	2.0
Switzerland	1.278	20.31	67.48	1000	2.1	2.1	2.0
Australia	1.2778	20.31	67.48	1000	2.1	2.1	2.0
Hong Kong	1.2747	20.31	67.48	1000	2.1	2.1	2.0
Malaysia	3.8284	0.0	0.0	1000	2.1	2.1	2.0
New Zealand	2.2425	43.57	133.56	1000	2.1	2.1	2.0
Saudi Arabia	5.9541	0.0	0.0	1000	2.1	2.1	2.0
Singapore	2.2053	0.0	0.0	1000	2.1	2.1	2.0

Other Spot Rates

Country	Spot	1 month	3 months
Argentina	13.227	10.93	10.93
Australia	1.2778	20.31	67.48
Brazil	1.2778	20.31	67.48
Canada	2.3082	11.3	10.3
China	8.2756	8.2756	8.2756
Denmark	8.9051	159.16	446.23
France	78.94	122.13	105.34
Germany	2.3070	48.1	40.3
Greece	369.707	236.10	236.10
India	55.4540	0.0	0.0
Indonesia	1.2778	20.31	67.48
Italy	237.74	48.53	40.3
Japan	169.85	75.70	225.28
Korea	1.2778	20.31	67.48
Malaysia	3.8284	0.0	0.0
New Zealand	2.2425	43.57	133.56
Philippines	1.2778	20.31	67.48
Portugal	203.48	0.0	0.0
Russia	1.2778	20.31	67.48
South Africa	1.2778	20.31	67.48
Taiwan	1.2778	20.31	67.48
Thailand	1.2778	20.31	67.48
UK	1.2778	20.31	67.48
USA	1.2778	20.31	67.48
Yugoslavia	1.2778	20.31	67.48

Interest Rates

Country	Rate	Rate	Rate
UK	5.75%	5.75%	5.75%
Germany	5.75%	5.75%	5.75%
France	5.75%	5.75%	5.75%
Italy	5.75%	5.75%	5.75%
Japan	5.75%	5.75%	5.75%
ECU	5.75%	5.75%	5.75%
Belgium	5.75%	5.75%	5.75%
Denmark	5.75%	5.75%	5.75%
Netherlands	5.75%	5.75%	5.75%
Ireland	5.75%	5.75%	5.75%
Norway	5.75%	5.75%	5.75%
Spain	5.75%	5.75%	5.75%
Sweden	5.75%	5.75%	5.75%
Switzerland	5.75%	5.75%	5.75%
Australia	5.75%	5.75%	5.75%
Hong Kong	5.75%	5.75%	5.75%
Malaysia	5.75%	5.75%	5.75%
New Zealand	5.75%	5.75%	5.75%
Saudi Arabia	5.75%	5.75%	5.75%
Singapore	5.75%	5.75%	5.75%

Bond Yields

Country	Rate	Rate	Rate
UK	5.75%	5.75%	5.75%
Germany	5.75%	5.75%	5.75%
France	5.75%	5.75%	5.75%
Italy	5.75%	5.75%	5.75%
Japan	5.75%	5.75%	5.75%
ECU	5.75%	5.75%	5.75%
Belgium	5.75%	5.75%	5.75%
Denmark	5.75%	5.75%	5.75%
Netherlands	5.75%	5.75%	5.75%
Ireland	5.75%	5.75%	5.75%
Norway	5.75%	5.75%	5.75%
Spain	5.75%	5.75%	5.75%
Sweden	5.75%	5.75%	5.75%
Switzerland	5.75%	5.75%	5.75%
Australia	5.75%	5.75%	5.75%
Hong Kong	5.75%	5.75%	5.75%
Malaysia	5.75%	5.75%	5.75%
New Zealand	5.75%	5.75%	5.75%
Saudi Arabia	5.75%	5.75%	5.75%
Singapore	5.75%	5.75%	5.75%

Money Market Rates

Country	Rate	Rate	Rate
UK	5.75%	5.75%	5.75%
Germany	5.75%	5.75%	5.75%
France	5.75%	5.75%	5.75%
Italy	5.75%	5.75%	5.75%
Japan	5.75%	5.75%	5.75%
ECU	5.75%	5.75%	5.75%
Belgium	5.75%	5.75%	5.75%
Denmark	5.75%	5.75%	5.75%
Netherlands	5.75%	5.75%	5.75%
Ireland	5.75%	5.75%	5.75%
Norway	5.75%	5.75%	5.75%
Spain	5.75%	5.75%	5.75%
Sweden	5.75%	5.75%	5.75%
Switzerland	5.75%	5.75%	5.75%
Australia	5.75%	5.75%	5.75%
Hong Kong	5.75%	5.75%	5.75%
Malaysia	5.75%	5.75%	5.75%
New Zealand	5.75%	5.75%	5.75%
Saudi Arabia	5.75%	5.75%	5.75%
Singapore	5.75%	5.75%	5.75%

Life Financial Futures

Contract	Settlement	High/Low	Settlement
Long GB	100.00	100.00	100.00
Long US	100.00	100.00	100.00
Long JPY	100.00	100.00	100.00
Long AUD	100.00	100.00	100.00
Long NZD	100.00	100.00	100.00
Long HKD	100.00	100.00	100.00
Long SGD	100.00	100.00	100.00
Long MYR	100.00	100.00	100.00
Long THB	100.00	100.00	100.00
Long PHP	100.00	100.00	100.00
Long IDR	100.00	100.00	100.00
Long VND	100.00	100.00	100.00
Long KRW	100.00	100.00	100.00
Long TWD	100.00	100.00	100.00
Long HKD	100.00	100.00	100.00
Long MOP	100.00	100.00	100.00
Long PAK	100.00	100.00	100.00
Long INR	100.00	100.00	100.00
Long BRL	100.00	100.00	100.00
Long RUB	100.00	100.00	100.00
Long ZAR	100.00	100.00	100.00
Long TRY	100.00	100.00	100.00
Long ECU	100.00	100.00	100.00
Long SDR	100.00	100.00	100.00
Long XDR	100.00	100.00	100.00
Long YER	100.00	100.00	100.00
Long LIR	100.00	100.00	100.00
Long MTL	100.00	100.00	100.00
Long PTA	100.00	100.00	100.00
Long ISL	100.00	100.00	100.00
Long FIM	100.00	100.00	100.00
Long SEK	100.00	100.00	100.00
Long NOK	100.00	100.00	100.00
Long DKK	100.00	100.00	100.00
Long ISK	100.00	100.00	100.00
Long PLN	100.00	100.00	100.00
Long HUF	100.00	100.00	100.00
Long CZK	100.00	100.00	100.00
Long SKK	100.00	100.00	100.00
Long BSK	100.00	100.00	100.00
Long HRK	100.00	100.00	100.00
Long SIT	100.00	100.00	100.00
Long BGN	100.00	100.00	100.00
Long RON	100.00	100.00	100.00
Long BMD	100.00	100.00	100.00
Long BND	100.00	100.00	100.00
Long MEX	100.00	100.00	100.00
Long CUP	100.00	100.00	100.00
Long GTQ	100.00	100.00	100.00
Long HNL	100.00	100.00	100.00
Long JMD	100.00	100.00	100.00
Long BZD	100.00	100.00	100.00
Long ZMW	100.00	100.00	100.00
Long BWP	100.00	100.00	100.00
Long MZN	100.00	100.00	100.00
Long KES	100.00	100.00	100.00
Long UGX	100.00	100.00	100.00
Long KSh	100.00	100.00	100.00
Long TZS	100.00	100.00	100.00
Long ZMK	100.00	100.00	100.00
Long MWP	100.00	100.00	100.00
Long LSL	100.00	100.00	100.00
Long NAD	100.00	100.00	100.00
Long ZAR	100.00	100.00	100.00
Long TRY	100.00	100.00	100.00
Long ECU	100.00	100.00	100.00
Long SDR	100.00	100.00	100.00
Long XDR	100.00	100.00	100.00
Long YER	100.00	100.00	100.00
Long LIR	100.00	100.00	100.00
Long MTL	100.00	100.00	100.00
Long PTA	100.00	100.00	100.00
Long ISL	100.00	100.00	100.00
Long FIM	100.00	100.00	100.00
Long SEK	100.00	100.00	100.00
Long NOK	100.00	100.00	100.00
Long DKK	100.00	100.00	100.00
Long ISK	100.00	100.00	100.00
Long PLN	100.00	100.00	100.00
Long HUF	100.00	100.00	100.00
Long CZK	100.00	100.00	100.00
Long SKK	100.00	100.00	100.00
Long BSK	100.00	100.00	100.00
Long HRK	100.00	100.00	100.00
Long SIT	100.00	100.00	100.00
Long BGN	100.00	100.00	100.00
Long RON	100.00	100.00	100.00
Long BMD	100.00	100.00	100.00
Long BND	100.00	100.00	100.00
Long MEX	100.00	100.00	100.00
Long CUP	100.00	100.00	100.00
Long GTQ	100.00	100.00	100.00
Long HNL	100.00	100.00	100.00
Long JMD	100.00	100.00	100.00
Long BZD	100.00	100.00	100.00
Long ZMW	100.00	100.00	100.00
Long BWP	100.00	100.00	100.00
Long MZN	100.00	100.00	100.00
Long KES	100.00	100.00	100.00
Long UGX	100.00	100.00	100.00
Long KSh	100.00	100.00	100.00
Long TZS	100.00	100.00	100.00
Long ZMK	100.00	100.00	100.00
Long MWP	100.00	100.00	100.00
Long LSL	100.00	100.00	100.00
Long NAD	100.00	100.00	100.00
Long ZAR	100.00	100.00	100.00
Long TRY	100.00	100.00	100.00
Long ECU	100.00	100.00	100.00
Long SDR	100.00	100.00	100.00
Long XDR	100.00	100.00	100.00
Long YER	100.00	100.00	100.00

sport

FIRST TEST: England in rapid collapse as devastating post-lunch assault secures Pakistan victory

Waqar and Mushtaq's lethal blow

DEREK PRINGLE

reports from Lord's Pakistan 340 & 352-2dec England 285 & 243 Pakistan win by 164 runs

It was brutal and when the end came it was brief too. England's batting was reduced to tatters by the bowling of Mushtaq Ahmed and Waqar Younis, a lethal post-lunch combination of leg-breaks and late reverse swingers. In a dramatic collapse, that rattled England's 46 all out in 11 minutes after lunch, England lost nine wickets for 75 runs in 29 overs, a prostration that gave Pakistan crucial first blood in this Corhill Test series.

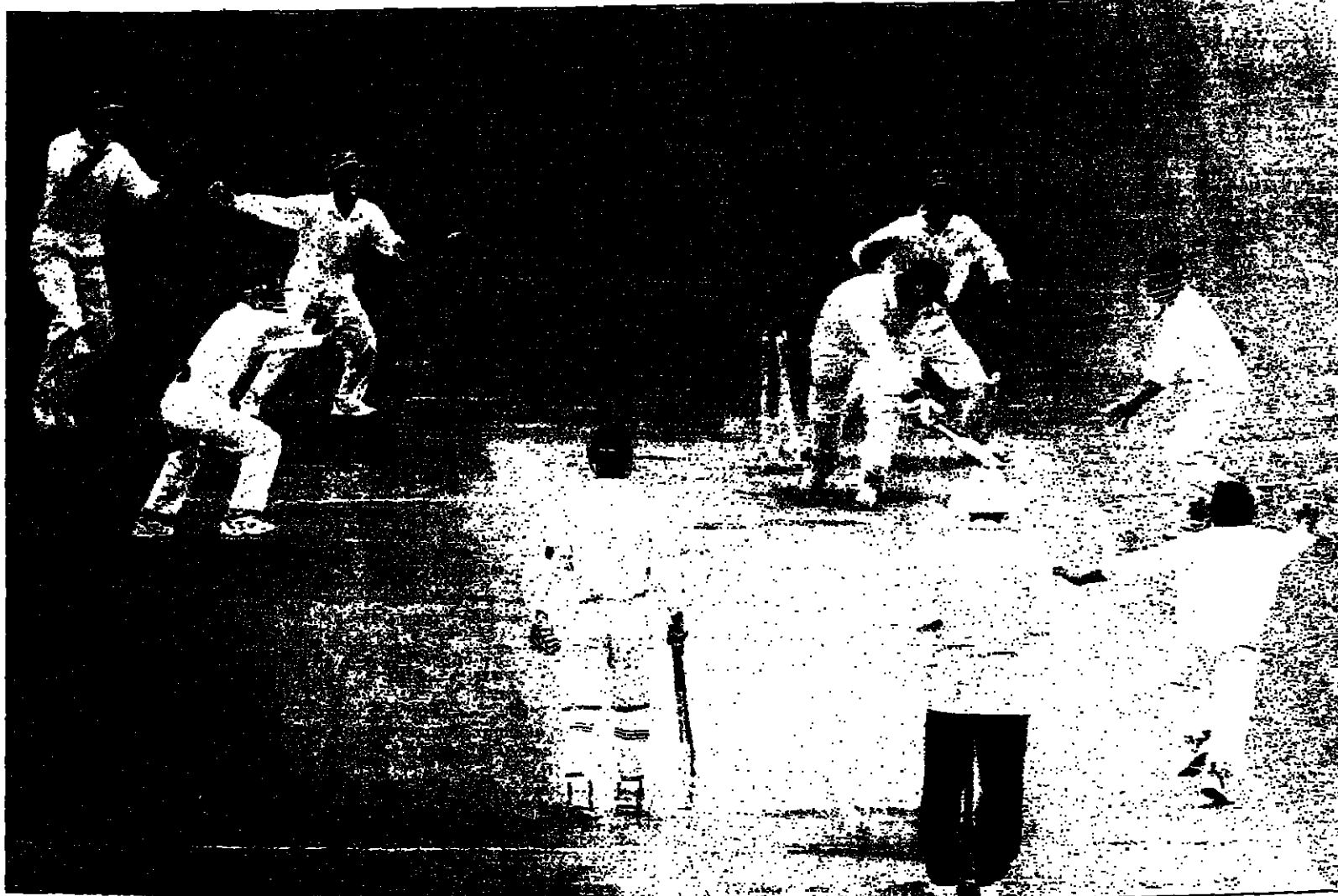
It was an afternoon that will come to haunt England, for it showed that despite the new energy, old frailties had not travelled far. To lose nine wickets so quickly rarely happens in any circumstance, let alone when a team is 152 for 1, as England were 15 minutes after lunch.

It was probably the worst moment of Michael Atherton's career as captain, for only because it was a game that England ought to have saved. In a cruel twist of irony, it was Atherton's dismissal that opened the door for Pakistan. The heroes were

undoubtedly Mushtaq and Waqar, who shared nine of England's second innings wickets between them. Mushtaq at one stage took 5 for 11, his wrist spin gripping and snaring as it bit huge chunks out of England's frail batting.

It was an unusual pairing, but with the captain, Wasim Akram, struggling to generate his usual pace and swing, someone had to take responsibility. This Mushtaq duly did when he switched his attack to round the wicket after lunch. The tactic was a brave one, particularly as it reduced the effectiveness of the goosy, Mushtaq's best ball against right-handers. However, it showed that a winter spent watching Shane Warne in opposition had not been a fallow one, and all but the last of his wickets were taken with leg-breaks using the Warne tactic of bowling into the rough.

Ironically, it was probably not a tactic the diminutive leg-spinner would have persevered with for long, given that England had not fallen for it. But Atherton, opting to turn the ball to leg instead of padding it away, offered a slip catch that woke a slumbering giant. Pakistan were transformed from a team bickering over a wicketless first session, into a unit surging forward with renewed hope and enthusiasm.



Pakistan celebrate as Mark Ealham is bowled by Mushtaq Ahmed after only 11 minutes at the crease at Lord's yesterday

Photograph: Peter Jay

It was without doubt the turning point of the game. Before their captain's misjudgement, England were so confident of saving the game that several of them frolicked in the nets. But if the 154-run partnership Atherton had shared with Alec Stewart caused them to relax, it was a big mistake and it was not long before trackballs and T-shirts were swapped for full battle gear.

In fact, panic station would have started to sound in Mushtaq's next over, when he got Alec Stewart for a staunch 89. Stewart's dismissal, caught by silly point from a ball that bounced viciously out of the rough on to thigh pad and then glove, was a desperately unlucky one. It showed why Dermot Reeve had taken to throwing away his bat, when faced with a similar situation

against Hampshire earlier in the season.

If it was all Mushtaq until then, Waqar's chance came with the arrival of Graeme Hick. Actually, Hick was fortunate to get down to the fast bowler's end at all, the batsman lucky to survive screaming appeals after gloving his second ball, a goosy from Mushtaq, to Shadab Kabir at short leg.

If umpire Steve Bucknor's decision was just another poor one in a game full of them, there could be no disputing Hick's dismissal four balls later when Waqar ripped an inswinging half-volley into his leg-stump.

It is difficult to be too hard on Hick, for Waqar has successfully performed this particular party trick countless times before. Coming in cold against a ball swinging fast and

late is a difficult business, but it is one Hick ought to have steeled himself against.

Alas in Hick's case forewarned is not necessarily forearmed. His airy drive was not the stroke of a man in a positive frame of mind, and for the batsman's sake as much as anything, England should not consider him again this season.

Only Graeme Thorpe and Ian Salisbury, with a hearty struck 40, were briefly able to hold up the steamroller once it had gained momentum. The Surrey man, England's top scorer in the first innings, batted an hour for three, before he became another poor umpiring statistic, after being adjudged bowled too high to have hit the stumps.

With 8 for 154 in the match, Waqar Younis was made Man of the Match. Before this game his form and fitness had been patchy, but now the secret is out and England will know what they have to contend with if they are to level the series at Headingley in a fortnight's time. However, as Hick's rapid exit showed, knowing about it is one thing, playing it quite another.

Lloyd looks on the bright side

SIMON O'HAGAN

Even if David Lloyd's parachute failed to open you feel sure he would find a straw to clutch at somewhere in the ether. A belief in looking on the bright side runs so deep in the England coach that when he was asked to comment on the collapse that saw England go from 168 for 1 to 243 all out in 29 overs, he said: "I'm looking on the bright side. I'm looking on the bright side."

By then, however, Lloyd's cherished ideal of "session

cricket" had been blown to pieces by Mushtaq Ahmed and Waqar Younis. "We were on the run," he said. "It was a classic case of one wicket brings two buns three."

Mike Atherton appointed no blame other than to himself. "It happens sometimes that you lose one wicket you lose a couple," the England captain said. "That's why you don't play a poor shot when you're in. We were confident of saving the game both at the start of the innings and at lunch. It was a game I'd hoped to save."

Whether we should have saved it or not is neither here nor there.

"For the five days the Pakistanis played the better cricket and got into a position to win the match, and they won it with a killer blow on the last afternoon. It's disappointing for us, but that happens - it's not a criminal offence. But it's one match down with two to go and we'll be hoping to come back strongly at Headingley."

Wasim Akram, the Pakistan captain, admitted that at lunch, with Atherton and Alec Stewart

well set, "we were a little desperate". But, he added, "we knew we needed one or two wickets in one or two overs and we'd be among the lower order batsmen. That's exactly what we did."

"Mushtaq bowled brilliantly," Wasim said. "Waqar I don't have to mention anything. He's a world-class bowler and he came back into his rhythm at a crucial moment." This in spite of a hamstring injury. "It was sore but I put ice on it," Waqar said. England's wounds may take a little more soothing.

Lord's scoreboard

Final day: Pakistan won by 164 runs.	A D Mally c sub (Mon Khan)
PAKISTAN - First innings 340 (Graeme-af-Haq 245, Saad Ahmad 74).	25 min, 18 balls, 2 bowlers
ENGLAND - First innings 285 (G P Thorpe 77, N J Lloyd 51; Riz u-Rahman 4-50; Waqar Younis 4-68).	51 E Brown not out
PAKISTAN - Second innings 352 (for 5 dec: Saad Ahmad 88, Ift Ahmed 76, Imran-ul-Haq 70).	10 min, 27 balls, 3 bowlers
ENGLAND - Second innings 243 (Graeme-af-Haq 74 for 1).	17 min, 27 balls, 3 bowlers
"M A Atherton c sub (Jafar Muzamil)	17 min, 27 balls, 3 bowlers
(279 min, 221 balls, 8 bowlers)	17 min, 27 balls, 3 bowlers
A D Mally c sub (Mon Khan)	17 min, 27 balls, 3 bowlers
(259 min, 182 balls, 8 bowlers)	17 min, 27 balls, 3 bowlers
G P Thorpe bowled by Mushtaq Ahmed 64	17 min, 27 balls, 3 bowlers
(81 min, 35 balls, 3 bowlers)	17 min, 27 balls, 3 bowlers
G A Hick b Waqar Younis 4	17 min, 27 balls, 3 bowlers
(65 min, 6 balls, 2 bowlers)	17 min, 27 balls, 3 bowlers
M A Atherton b Mushtaq Ahmed 5	17 min, 27 balls, 3 bowlers
(121 min, 6 balls, 2 bowlers)	17 min, 27 balls, 3 bowlers
N J Lloyd b Waqar Younis 1	17 min, 27 balls, 3 bowlers
(18 min, 10 balls, 2 bowlers)	17 min, 27 balls, 3 bowlers
D G Cook b Waqar Younis 40	17 min, 27 balls, 3 bowlers
(174 min, 58 balls, 7 bowlers)	17 min, 27 balls, 3 bowlers

PAKISTAN - First innings 340 (Graeme-af-Haq 245, Saad Ahmad 74).	25 min, 18 balls, 2 bowlers
ENGLAND - First innings 285 (G P Thorpe 77, N J Lloyd 51; Riz u-Rahman 4-50; Waqar Younis 4-68).	51 E Brown not out
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G A Hick b Waqar Younis 4	17 min, 27 balls, 3 bowlers
(65 min, 6 balls, 2 bowlers)	17 min, 27 balls, 3 bowlers
M A Atherton b Mushtaq Ahmed 5	17 min, 27 balls, 3 bowlers
(121 min, 6 balls, 2 bowlers)	17 min, 27 balls, 3 bowlers
N J Lloyd b Waqar Younis 1	17 min, 27 balls, 3 bowlers
(18 min, 10 balls, 2 bowlers)	17 min, 27 balls, 3 bowlers
D G Cook b Waqar Younis 40	17 min, 27 balls, 3 bowlers
(174 min, 58 balls, 7 bowlers)	17 min, 27 balls, 3 bowlers

CRICKET SCOREBOARD

BRITANNIC ASSURANCE COUNTY CHAMPIONSHIP	PAKISTAN - First innings 340 (Graeme-af-Haq 245, Saad Ahmad 74).
Final day of four	ENGLAND - First innings 285 (G P Thorpe 77, N J Lloyd 51; Riz u-Rahman 4-50; Waqar Younis 4-68).
Derbyshire v Kent	PAKISTAN - Second innings 352 (for 5 dec: Saad Ahmad 88, Ift Ahmed 76, Imran-ul-Haq 70).
Derbyshire won	ENGLAND - Second innings 243 (Graeme-af-Haq 74 for 1).
Derbyshire 292 (T J G O'Connor 62, C M Wells 52; D W Headley 6-96).	"M A Atherton c sub (Jafar Muzamil)
Kent 245 (N J Lloyd 51; D E Malcom 6-89).	(279 min, 221 balls, 8 bowlers)
Derbyshire - Second innings 245 (N J Lloyd 51; D E Malcom 6-89).	A D Mally c sub (Mon Khan)
Derbyshire won	(259 min, 182 balls, 8 bowlers)
Derbyshire 245 (N J Lloyd 51; D E Malcom 6-89).	G P Thorpe bowled by Mushtaq Ahmed 64
Derbyshire won	(81 min, 35 balls, 3 bowlers)
Derbyshire 245 (N J Lloyd 51; D E Malcom 6-89).	G A Hick b Waqar Younis 4
Derbyshire won	(65 min, 6 balls, 2 bowlers)
Derbyshire 245 (N J Lloyd 51; D E Malcom 6-89).	M A Atherton b Mushtaq Ahmed 5
Derbyshire won	(121 min, 6 balls, 2 bowlers)
Derbyshire 245 (N J Lloyd 51; D E Malcom 6-89).	N J Lloyd b Waqar Younis 1
Derbyshire won	(18 min, 10 balls, 2 bowlers)
Derbyshire 245 (N J Lloyd 51; D E Malcom 6-89).	D G Cook b Waqar Younis 40
Derbyshire won	(174 min, 58 balls, 7 bowlers)

LEICESTERSHIRE - First innings 266 (P A Nixon 74, J J Whitaker 58no; J D Lewis 5-74).	PAKISTAN - First innings 340 (Graeme-af-Haq 245, Saad Ahmad 74).
SUSSEX - First innings 294 (K Greenfield 69, M P Speight 58; P V Simmons 5-58).	ENGLAND - First innings 285 (G P Thorpe 77, N J Lloyd 51; Riz u-Rahman 4-50; Waqar Younis 4-68).
LEICESTERSHIRE - Second innings 240 (D L Maddy 68; J D Lewis 6-73).	PAKISTAN - Second innings 352 (for 5 dec: Saad Ahmad 88, Ift Ahmed 76, Imran-ul-Haq 70).
SUSSEX - Second innings 240 (D L Maddy 68; J D Lewis 6-73).	ENGLAND - Second innings 243 (Graeme-af-Haq 74 for 1).
W H Hall c Pearson b Brinson 52	"M A Atherton c sub (Jafar Muzamil)
C W J Athey c and b Simmons 35	(279 min, 221 balls, 8 bowlers)
P P Moore not out 11	A D Mally c sub (Mon Khan)
V C Drakes lbw b Brinson 5	(259 min, 182 balls, 8 bowlers)
P W Jarvis c Maddy b Brinson 0	G P Thorpe bowled by Mushtaq Ahmed 64
J D Lewis c Simmons b Brinson 2	(81 min, 35 balls, 3 bowlers)
E S H Girdle c Maddy b Brinson 2	G A Hick b Waqar Younis 4
Extras (12, 10, 10, 10) 42	(65 min, 6 balls, 2 bowlers)
Fall (10.3, 10.3, 10.3, 10.3) 42	M A Atherton b Mushtaq Ahmed 5
Fall (10.3, 10.3, 10.3, 10.3) 42	(121 min, 6 balls, 2 bowlers)
Fall (10.3, 10.3, 10.3, 10.3) 42	N J Lloyd b Waqar Younis 1
Fall (10.3, 10.3, 10.3, 10.3) 42	(18 min, 10 balls, 2 bowlers)
Fall (10.3, 10.3, 10.3, 10.3) 42	D G Cook b Waqar Younis 40
Fall (10.3, 10.3, 10.3, 10.3) 42	(174 min, 58 balls, 7 bowlers)

Championship contenders frustrated

MIKE CAREY

reports from Derby Kent 445 & 245 Derbyshire 292 & 162-5 Match drawn

Frustration was the name of the game for Kent yesterday. With a victory and maximum points beckoning if they could capture the last five Derbyshire wickets, they were restricted to a mere 11 overs and what had been a highly entertaining game was abandoned as a watery draw.

But even the 55 minutes that it took Kent to bowl those overs were crammed with incident with Martin McCague first damaging the helmet of the night-watchman with a short-pitched delivery and then collecting a warning for bowling - accidentally - a beamer next ball.

If Harris was disconcerted by the first ball, he was visibly shaken by the second which whistled past his nose very rapidly. He needed some time to compose himself, but McCague, who had been warned earlier in the innings for bowling two bouncers in one over, was quick to apologise.

Hollis leads Surrey to the top

ROUND-UP

Acting captain Adam Hollis and Nadeem Shahid each hit centuries as Surrey beat Hampshire by five wickets at Southampton to go joint top of the Championship table yesterday.

Surrey were set a target of 330 in 54 overs and they accomplished their task with five balls to spare. Shahid and Hollis came together with Surrey halted in their quest by losing two wickets in consecutive overs to reach 119 for 4.

But then, with growing confidence, they saw off the Hampshire bowling with a stand of 195 in only 28 overs for the fifth wicket. Shahid was eventually bowled by John Stephenson after hitting 101 from only 95 balls. But Hollis was still there when Brendon Julian hit the winning runs off the first ball of the last over. Hollis hit four sixes and seven fours from only 93 balls as Hampshire became more ragged in the field.

Earlier Hampshire resumed 178 ahead at 150 for 4 in their second innings and were able to declare after Robin Smith and Paul Terry had put on 154 for

the fifth wicket. Terry was 57 not out at the declaration and Smith unbeaten with 70 to set up a difficult run chase.

Surrey lost Darren Bicknell to Stephenson at 58 and Jason Ratcliffe was lbw to Shaun Udall at 115, the first of three wickets to fall for four runs. Mark Butcher was run out after an enterprising 53 and Surrey's hopes receded still further when Alistair Brown was out first ball to a brilliant catch at short mid-wicket by Terry off Raj Maru.

Spinners Robert Croft and 18-year-old Dean Cosker sent Glamorgan to a 48-run win over Lancashire in Cardiff, only their third Championship victory of the season.

Lancashire, chasing 287 to win when Matthew Maynard declared at Saturday's 259 for 3 after rain had prevented any play until 2.15pm, looked untouchable at 128 for 2 but subsided to 238 all out.

Croft and Cosker, the latter in the England Under-19 squad for the three-Test series against New Zealand which begins on Thursday, turned the game in a mid-innings spell that saw Croft finish with 5 for 47 and Cosker 4 for 60.

Broncos complete Offiah signing

Rugby League DAVE HADFIELD

Martin Offiah became a London Broncos player yesterday, despite a hold-up in the part of the deal that will also take him to Bedford. London paid Wigan an undisclosed fee and registered Offiah's signing and will have the winger in their side against Warrington on Sunday. Barry Mearns, the club's chairman, said:

"The only hold-up in negotiations between Bedford and News Limited," Mearns said, "Martin is on a Super League contract and cannot play for anyone without their agreement."

That clause in the Super League contracts that several dozen top players have signed - a clause revealed in this newspaper last year - could also have a say in the future of Les Harris.

The Warrington and Wales stand-off has been transferred, listed at £1.35m and his coach, John Dorahy, says that there have been approaches from rugby union clubs undeterred by that massive asking price.

But even if Warrington got the fee they want, Harris - who describes the price as "non-sense" - would not be allowed to leave without News Limited's permission.

The only way in which it is possible to imagine that permission being granted is for an Offiah-style share arrangement involving a Welsh rugby union club and the new South Wales Super League side.

St Helens expect Scott Gibbs to play his last match for them at Castleford on Friday, despite his having been transferred back to Swansea for £200,000 yesterday. Saints could be in greater than ever need of his services, as Paul Newlove and Alan Hunte are both doubtful with injuries picked up in London at the weekend.

They already fear that they could be without their Great Britain forward, Chris Joynt, for the rest of the season with an ankle ligament injury.

Scots urged to expand district game

Rugby Union

The game in Scotland has been given a vision of the future with the publication of a report that spells out what the country must do to remain competitive in the new professional game.

At the core of the report is the admission that the club structure in Scotland cannot deliver success at international level and that attention must turn to strengthening the districts.

The report, drawn up by the Scottish Rugby Football Union, recommends that the districts should turn professional. "We do not have the financial or player resources of other countries," said the SRFU president, Fred McLeod, yesterday. "Success at international level depends on district participation."

The report says the SRFU should finance up to 100 full-time players. They would play a programme of representative matches throughout the season but would still be available for their clubs. The union would establish a list of fixtures to include six inter-district matches, at least eight European Cup games, development squad, A and full international matches.

It has been suggested that top international players would be able to earn about £80,000 while those at the other end of the representative scale could make £15,000 to £20,000 in a season.

Four of the best teams in the country will lose the NatWest Trophy today.

If only the best teams are good enough to reach the Quarter-Finals of the NatWest Trophy, just imagine how good a team has to be to reach the Semi-Finals.

NatWest
More than just a bank

NatWest Bank Plc



Shearer goes home for £15m

Football

 SIMON TURNBULL AND
 ALAN NIXON

In Newcastle shops yesterday they ran out of letters to put "Shearer" on the back of black and white shirts. In Blackburn there was a rush to have the departing idol's name removed from Rovers strips. All the fuss might have been saved if Alan Shearer had not been handed a green jersey when he reported to his local club for a trial 14 years ago.

Hearts were broken in Blackburn and filled with joy on Tyneside as it emerged that Newcastle United had smashed all transfer records - domestic, European and global - to finance the coming home of England's Euro 96 hero. At a cost of £15m, £1.7m more than Barcelona paid PSV Eindhoven for Ronaldo, Shearer finally found himself in the football home he always wanted.

When he turned up for a trial at St James' Park in 1982 he did not get a chance to shoot at goal. "I told them I was a centre-forward but they played me in goal for two days," he recalled. Only yesterday was a figure put on that error of judgement. But it was Newcastle's good fortune, and to Manchester United's cost, that Shearer never allowed the setback to come between him and his love for the black and whites.

As a 12-year-old from the Newcastle suburb of Gosforth he queued for five hours to watch Kevin Keegan's debut against Queen's Park Rangers. He was one of the Gallowgate Enders who celebrated the winner Keegan slid into that goalmouth.

Last night Keegan was celebrating his capture of the George Cross, the prize of the championship trophy they have craved since the sepia days of Hughie Gallacher in 1927.

Speaking from Bangkok, where Newcastle play the Thai national side today, Keegan said: "This signing is for the people of Newcastle. It just shows you the ambition of Newcastle United. We are the biggest thinking team in Europe now."

"We're not the biggest, most successful team, but we're the biggest thinking club and we

have tremendous support from above which allows me to buy players. "Alan will not be joining us here. Tell the Thai team they just have to worry about Ferdinand, Beardsley and Asprilla."

Shearer's departure is likely to ignite another major round of spending as Blackburn seek to replace him and Manchester United look elsewhere. On news of Shearer's move, United immediately inquired about the availability of Patrick Kluivert, Ajax's Dutch international forward.

Kluivert is available at the right price, which in an English auction may reach over £7m, as Ajax fear he will go for nothing at the end of next season to Italy when his contract expires.

If Kluivert joins United, Andy Cole is likely to leave. Everton had agreed in principle a £4.5m fee with United if Shearer had signed and sources close to the Goodison club suggested that they will wait for Cole before looking elsewhere.

Back at St James' Park, Ferdinand has agreed to give up the No 9 shirt and it remains to be seen whether he will fit into Keegan's revised forward thinking. A move back to London, possibly to Arsenal, was mooted in April as Keegan's former club record signing struggled to find his goalscoring form. But the feeling on Tyneside last night was that the Newcastle manager will make his assault on the

FROM NEWCASTLE TO NEWCASTLE: THE ALAN SHEARER STORY

1970: Born 13 August in Newcastle.
1988: Signed professional forms with Southampton on 14 April, five days after he had made a sensational full debut for Saints as he became the youngest player to score a Football League hat-trick, in a 4-2 win over Arsenal at The Dell.
1988-89: Failed to score in eight full League appearances for Southampton.
1989-90: Scored three goals in 26 League matches for Saints.
1990-91: Scored four times in 36 League games and earned an England Under-21 call-up, going on to score a record 13 goals in 11 appearances at that level including sev-

en in four matches at the Toulon tournament, which England won.
1991-92: Made senior England debut at Wembley on 19 February, scoring in 2-0 win over France. Travelled with squad to European Championships in Sweden, playing in 0-0 draw against France in Malmö. In July 1992, moved to Blackburn in then British record £3.5m deal. He had scored 23 League goals in 118 appearances for Southampton.
1992-93: Scored twice on Blackburn debut in 3-3 draw with Crystal Palace at Selhurst Park and went on to score 22 times in total that season before suffering serious cruciate knee ligament injury against Leeds

on Boxing Day. He had scored twice in that 3-1 home win but missed the rest of the campaign.

1993-94: Voted Footballer of the Year having scored a total of 34 goals that season.
1994-95: His 34 Premiership goals led Blackburn to their first championship for 81 years. Voted PFA Player of the Year.

1995-96: Became first player to reach 100 goals in the FA Carling Premiership, taking only three seasons to do so. Won Golden Boot as top goalscorer at Euro 96 after scoring five times, against Switzerland, Scotland, the Netherlands (two) and Germany. Moves to Newcastle in world record £15m deal.



have scored 100 Premier League goals, maintained that the pull of home was the decisive factor. "I was particularly impressed with Alex Ferguson," he said. "But Kevin Keegan also has great qualities and it was the challenge of coming home and wearing the famous black and white shirt which made up my mind for me."

The First Sport store in Newcastle city centre ran out of letters, such was the demand for Shearer shirts. More than 500 tops were sold in two hours at Newcastle's club shop.

In Blackburn, where Rovers have sold 15,000 season tickets, supporters expressed anger and frustration. The chairman Robert Coar said: "I don't believe it could have been handled any differently. Alan was not for sale but he made his request to speak to his home-town club. We fought tooth and nail to persuade him his future was with Blackburn Rovers."

Rovers' chief benefactor, Jack Walker, said he was "absolutely devastated" by Shearer's decision but added: "The relationship between us is still very strong. I thought he was happy here but there was nothing more we could do to make him stay."

Shearer said of Walker: "He's been a father figure to me. I know we will always be the best of friends. This is the way I want to leave: no animosity, no bitterness, just friendship." He added: "He battled harder than anyone can imagine to persuade me to stay. But I simply felt it was time for a fresh challenge."

Big business plays ball, page 23

trophy front in the coming season with the dream striking ticket Terry Venables ignored. "They will be a lethal duo up front," the Newcastle chairman, Sir John Hall, said. "They will cause concern among many a defence."

Shearer, 25, has signed a five-year deal which it is understood could earn him £1.5m in signing on fees and up to £7m in wages. He said his goodbyes at Blackburn yesterday, headed to Tyneside for a medical and flies out to Singapore today to join his new colleagues on their Far East tour.

He is expected to be paraded at a St James' Park press conference on Tuesday and will play at Wembley in the Charity Shield on Sunday week against the club left swallowing sour grapes yesterday. "There was no way Blackburn were prepared to let him come to us," Martin Edwards, Manchester United's chairman and chief executive, maintained. "The club made that clear by rejecting our offer."

Shearer, the top scorer in Euro 96 and the only player to

Keegan makes his statement of intent

GLENN MOORE

Football Correspondent

Having been psych'd out in the championship race by Alex Ferguson, Kevin Keegan is entitled to feel he gained a measure of recompense yesterday. Come May, the balance sheet may be squared.

As a statement of intent, Alan Shearer's signing could not be bettered. Three months ago, there were whispers of Keegan quitting. Instead, he has reaffirmed his belief in Newcastle's potential and in his method of realising it.

To Les Ferdinand, David Ginola, Faustino Asprilla, Keith Gillespie and Peter Beardsley can now be added Shearer,

arguably - along with Jürgen Klinsmann - the most complete striker in Europe.

Logic dictates one or more strikers will now be sold. But logic suggested a new pair of full-backs and maybe a goalkeeper were a more pressing requirement than another forward.

But could Keegan really have allowed Shearer to go to Manchester United? If he had, next season's title would have been as good as settled. Now, with Manchester also embroiled in the Champions' League, it looks even.

Indeed, it bubbles with promise, especially if Liverpool, Arsenal or Tottenham can also add to last season's potential.

Wither Blackburn? At least their fans can console themselves with the knowledge that

Shearer did not go to Old Trafford, but instead to his boyhood heroes. Yet how can they hope to replace him?

The slow improvement during last season, although aided by the introduction of Lars Bohinen and the return of Jason Wilcox, was built on Shearer's goals. So was their title. Ray Harford has money to spend, but he has always had that, the problem is that players of Shearer's quality are few and they are even more rarely available.

For Shearer himself, the move fulfils a long-held dream. As a youngster, he queued for hours to watch Keegan play at St James' Park. Like most Geordies, he has always retained an attachment to Tyneside

wherever he has roamed. Not that this is a romantic move. Shearer showed when he left home for Southampton as a 15 year old that he is a pragmatist.

At one stage, he did dream of returning to Newcastle in the twilight of his career to lift them from their slumber as Keegan the player had once done. Keegan's second coming changed all that. If Shearer now waited until his thirties, Newcastle would have no need of him. They are ready now, ready enough for Shearer to spurn both Old Trafford and Italy's Serie A.

Newcastle stand, as Blackburn did in 1992, on the brink of glory. Shearer's goals may again provide the impetus to achieve that final step.

Ridgeon and Hansen keep their cool

MIKE ROWBOTTOM

reports from Atlanta

Jon Ridgeon, now on his third comeback after a sequence of injuries and operations that would have broken the competitive spirit of most athletes, took the first step towards his ultimate goal of the 400m hurdles final yesterday.

The 28-year-old Belgrave Harrier, who gave up his job as a BSkyB sports commentator last autumn to have one last crack at reviving his career, won his opening heat in a time of 49.31sec, ahead of Marc Dol-

lendorf of Belgium. But Britain's other representatives, Peter Crampton and Gary Jennings, found the going too hard on a morning where the temperature and humidity approached 90F.

The conditions did not adversely affect Ashia Hansen, who qualified for the triple jump final with her first effort of 14.55m, well over the automatic qualifying mark of 14.30.

It was a significant advance for the American-born athlete, who failed to qualify at the Commonwealth Games and European Championships of 1994.

and also at last year's world championships.

That unhappy record has failed to do justice to a talent that has become obvious in the last two years. Hansen, who began her athletics life as a sprinter and tried middle-distance running before settling on jumps, has a personal best of 14.66 and the ability to translate her potential into a medal here.

But she will find the competition extremely tough. Six women yesterday jumped 14.50 or more - something not seen in any other major championship - with the

world's leading competitor this year, Inna Lasovskaya of Russia, setting an Olympic record of 14.75. The world champion and record holder, Inessa Kravets, also progressed, but Anna Biryukova of Russia, the former world record holder, found the standard too much.

There was success too for the British in the 1500m, where Larian Rotich of Kenya ran the fastest heat in Olympic history. His time, 3min 35.88sec, has only been bettered by three Olympic champions - Herb Elliott, Kip Keino and Sebastian Coe. Kevin

McKay, one of the British trio, had to run with Rotich yesterday. He managed to take the fourth qualifying place with a time of 3:38.02. He will be joined in the next round by John Maycock and Anthony Whiteman, and all the favourites including Nouredine Morceli, and Hicham El Guerrouj.

Britain's 100m hurdles representative, Angela Thorp, who has been getting better and better this season, also qualified from her first round in a personal best of 12.93sec.

Earlier in the morning, Russia had earned their first gold of the track and field programme through Yelena Nikolayeva in the 10km walk.

KEEGAN'S SIGNINGS FOR NEWCASTLE

1991-92 season
 Kevin Sheedy (Everton) £30,000
 Darren McDermott (Luton) £250,000
 Brian Kilmartin (Oxford) £35,000
 Peter Garland (Tottenham) £37,000
Total (4 players) £377,000

1992-93 season
 John Barnesford (Preston) £25,000
 Paul Brownwell (Sunderland) £25,000
 Barry Vernon (Liverpool) £25,000
 Rick Lee (Queens Park Rangers) £25,000
 Scott Skiles (Leeds) £25,000
 Mark Robinson (Barnsley) £25,000
 Andy Cole (Bristol City) £25,000
Total (7 players) £175,000

1993-94 season
 Peter Smith (Middlesbrough) £10,000
 William Pugh (Reading) £10,000
 Peter Beardsley (Everton) £25,000
 Alex Mather (Morton) £30,000
 Malcolm Allen (Millwall) £25,000
 Mike Jeffrey (Doncaster) £25,000
 Chris Holland (Preston) £25,000
 Ruel Fox (Nuneaton) £25,000
 Darren Peacock (QPR) £25,000
Total (10 players) £175,000

1994-95 season
 Alan Shearer (Blackburn) £15,000,000
 Jason Dwyer (Sheff Wed) £2,000,000
 Steve Guppy (Wycombe) £250,000
 Philippe Albert (Underberg) £25,000
 Paul Nixon (Derby County) £25,000
 Keith Gillespie (Millwall) £25,000
 Steven Croft (Sheff Wed) £25,000
Total (7 players) £15,500,000

1995-96 season
 Warren Barton (Wimbledon) £25,000
 Les Ferdinand (QPR) £25,000
 David Gonsky (Paris St-Germain) £25,000
 Shahe Haidar (Reading) £25,000
 David Beatty (Sheff Wed) £25,000
 Damien Huckerby (Luton) £25,000
 Faustino Asprilla (Parma) £25,000
 David Beatty (Blackburn) £25,000
Total (9 players) £250,000

1996-97 season
 Alan Shearer (Blackburn) £15,000,000
GRAND TOTAL (37 players) £16,000,000

TRANSFERS OVER £10M
 £15m Alan Shearer (Blackburn to Newcastle)
 £12.5m Ronaldo (PSV to Barcelona)
 £12m G Lendl (Torino to Milan)
 £12m G Vuk (Sampdoria to Juventus)
 £11m E Chiesa (Sampdoria to Parma)
 £10m R Baggio (Juventus to Milan)
 £10m J-P Papin (Marseille to Lazio)

BRITAIN'S TOP 10 DEALS
 £15m Alan Shearer (Blackburn to Newcastle)
 £12.5m S Collymore (N Forest to Liverpool)
 £7.5m D Bergkamp (Arsenal to Arsenal)
 £7.5m F Asprilla (Parma to Newcastle)
 £7m P Hase (Ajax to Tottenham)
 £7m A Cole (Newcastle to Man Utd)
 £6m L Ferdinand (QPR to Newcastle)
 £5.5m D Platt (Aston Villa to Barn)
 £5.5m P Gascoigne (Tottenham to Lazio)

BRITISH TRANSFER LANDMARKS

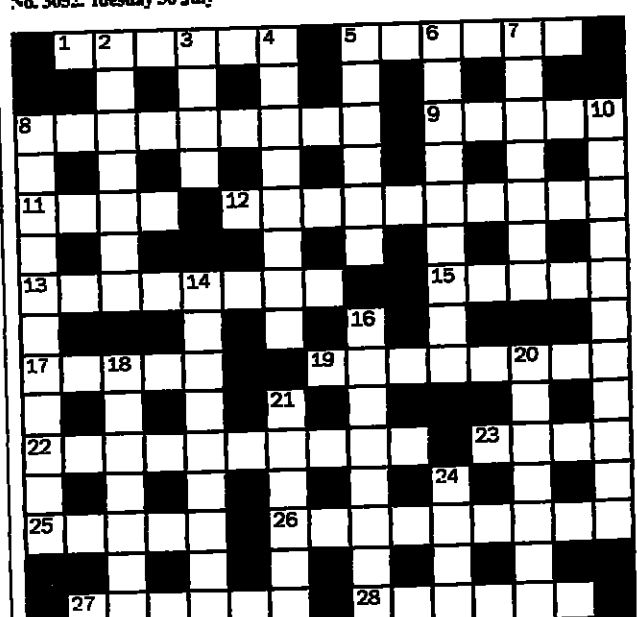
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 £5.5m P Gascoigne (Tottenham to Lazio)
 £5m J-P Papin (Marseille to Lazio)
 £4.5m Les Ferdinand (QPR to Tottenham)
 £4.5m D Bergkamp (Arsenal to Arsenal)
 £4.5m F Asprilla (Parma to Newcastle)
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THE INDEPENDENT CROSSWORD

No. 3052, Tuesday 30 July

By Aislin

Monday's Solution



SLACKS SLIPSHOD
 E H U Q N W V
 FAIRGROUND EWER
 I V E A U A R
 LEINSTER SCRAPE
 I V E Y U
 EPIC TURNDOWN
 H L H W Y I E
 TAKE CARE SORE
 R O U G U
 FAVOURIT A O
 BONE SACHCHARTINE
 P U S L I G E
 SETPIECE CREATE

- ACROSS**
- Learner in a game is a handsome youth (6)
 - Flowers one gets out of a bed (6)
 - Made exclusive attempt to get piano tempered correctly (3-6)
 - Staple one found in a puzzling place (5)
 - Heartless feature of south seas which could give some warmth (4)
 - Earl Grey's protectors (3-7)
 - Tick & loan could be needed to get car with such brakes (4-4)
 - Scene of conflict a long time back (5)
 - Honour in Queen which is arched (5)
 - Fish found somewhat boring by Heather (8)
 - English offend again giving precedence to dirty sticker (5-5)
 - Hard poem by one is faithfully reproduced (2-2)
 - Animal returning in a London thoroughfare (5)
 - One's under pressure to provide service (5-4)
 - Regularly feeble in sound (6)
 - Shallid conservative takes something to provide purchase (6)
 - Poor rep actors resembling concrete blocks (7)
 - City writer is implausible (4)
 - Open University and what they do to secure right approach (8)
 - Charge to get popular dictionary (6)

- DOWN**
- Cold about male channels having urgency (9)
 - Building in which I feed sumptuously, eating chips? (7)
 - Cubs will get mature wood in trade-off (7-4)
 - Essayist's gripping article dispelling angst in Ely? (4-7)
 - The rest of the juggernauts should be taken here (5-4)
 - It is found, in goods vehicle, to be stylish (8)
 - Brother, a trainee, cut material (7)
 - One note by gallery indicates copy (7)
 - Deviation by fish swimming up produces room for manoeuvre (6)
 - Liberal at large (4)

The marathon is a test of an athlete's endurance, not of his speed.

Britain's Olympic team chose to fly with Delta Air Lines. And no wonder, we fly non-stop to Atlanta in just 8 hours and 55 minutes, and we have more flights there than anyone else. **Delta Air Lines**

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